

Court File No. CV-15-10854-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

INVICO TRADE CAPITAL LP and INVICO BALANCED REAL ESTATE FUND

Applicants

- and -

JOBEC INVESTMENTS RT LTD.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED**

Introduction and Purpose

1. This is the First Report (the “**First Report**”) to the Court of A. Farber & Partners Inc. (“**Farber**” or the “**Receiver**”) in its capacity as Receiver of Jobec Investments RT Ltd. (“**Jobec**” or the “**Company**”).
2. A dispute has arisen in respect of funds, in the amount of \$246,653.78, in the Receiver’s possession (the “**Funds**”) that emanated from Jobec’s account no. 0712-101-979-3 (the “**Account**”), held at the Royal Bank of Canada (“**RBC**”). The applicants Invico Trade Capital LP and Invico Balanced Real Estate Fund (collectively, “**Invico**”), on the one hand, and SecureCare Investments Inc. (“**SecureCare**”), on the other hand, each claim an interest in these funds. RBC also asserts a right to charge certain fees and expenses (as yet unquantified) against these funds and is seeking a release from the various parties.
3. This First Report is being filed in support of a motion by the Receiver seeking:

- (a) Directions from the Court with respect to the payment of the Funds held by the Receiver pursuant to the order of Justice Pattillo dated February 13, 2015 (the “**Order**”), a copy of which is attached as Appendix “A”;
- (b) Approval of the First Report; and
- (c) Such further and other relief as to this Honourable Court may seem just.

Background

- 4. Jobec was incorporated pursuant to the laws of Ontario on July 25, 2013. A copy of Jobec’s corporate profile report, obtained on February 23, 2015, is attached as Appendix “B”.
- 5. Jobec’s corporate profile report indicates that its registered office is at 1173 Salmers Drive, Oshawa, Ontario, L1K 0A9. Jobec’s sole director is Peter Cook (“**Cook**”). Jobec has no listed officers and had no employees.
- 6. Jobec is a privately held corporation that supposedly operated in the factoring and trade finance business. Jobec purports to have advanced monies to various customers on the security of the customers’ receivables, in consideration of the fees specified in factoring agreements between Jobec and those customers. Such receivables were then assigned to Jobec to be collected by it.
- 7. The activities of Jobec were funded primarily by Invico and SecureCare. Invico advanced funds to Jobec by way of participation agreements, described more fully below, and claims to be owed more than \$6,000,000. SecureCare claims to be owed approximately \$770,000 plus accrued interest and costs. The indebtedness of both lenders is secured by general security agreements registered under the *Personal Property Security Act* (“**PPSA**”).

8. Based on information obtained by the Receiver to date, it appears that Jobec was one of a number of companies used by Cook and others to engage in fraudulent activity. The Receiver's investigations are ongoing.
9. The Receiver understands that Cook and some associates were charged separately with one count of fraud over \$5,000, and that Cook is currently out on bail pending trial.
10. Jobec defaulted on its obligations to both Invico and SecureCare. Both parties issued demands and sent Notices of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* ("BIA"), which remained unfulfilled. This ultimately culminated in Invico bringing an application for appointment of Farber as Receiver.
11. On February 13, 2015, the Order appointed Farber as Receiver of all the assets, undertakings and properties of Jobec pursuant to section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.

Activities of the Receiver

12. The Receiver has made ongoing efforts, with very limited success, to meet with Cook to take possession of the books and records and other tangible property (if any) of Jobec. More particularly:
 - (a) By its agent, Farber served a copy of the Order on Cook at 1173 Salmers Drive, Oshawa, Ontario, which is also his principal residence. He was not home, but a copy was left with his wife and a copy also served on his lawyer, Allan Sternberg of Ricketts Harris LLP.
 - (b) Ongoing efforts were made to schedule a meeting with Cook but he cancelled or avoided all of these, deferring to his counsel.
 - (c) On March 17, 2015, a small package of books and records were delivered to the Receiver by Ricketts Harris enclosing "*the files in Mr. Cook's possession relating to Jobec*". The records were far more limited than one might expect and have not been particularly helpful to the Receiver. None of the tangible assets, including

computers and media devices (e.g. hard drives, USBs, etc.) that were requested have been delivered up to the Receiver, despite repeated requests.

13. The Receiver has contacted various financial institutions who might have had dealings with Jobec and has received bank statements from RBC and Scotia Bank, at which Jobec maintained accounts.
14. The Receiver has conducted an in-depth review of the bank statements of Jobec received to date, which provide a view of the activities of Jobec and the flow of funds. That said, our investigations are still ongoing and requests of the banks for certain key backup documentation are still outstanding as at the date of this report.
15. The Receiver continues to liaise and discuss matters relating to Jobec with the identified secured creditors, the banks, and other parties who may have information that would be of assistance to the Receiver.

Assets and Liabilities

16. The Receiver has limited information regarding the assets of Jobec. The Receiver has not taken possession of any assets other than funds in the RBC account totaling approximately \$246,000 and the limited books and records referred to above.
17. The known assets and liabilities of Jobec are summarized in Notice and Statement of the Receiver, prepared pursuant to subsections 245(1) and 246(1) of the BIA on February 23, 2015. A copy of the notice is attached as Appendix “C”.
18. Approximate amounts(*) owed by Jobec to creditors who hold or may hold a security interest in the property described above (all amounts in Canadian dollars unless otherwise indicated) are as follows:

| | |
|-----------------------------|----------------|
| Invico Trade Capital LP | \$5,491,795.88 |
| Invico Real Estate Fund | \$540,252.92 |
| Invico Real Estate Fund USD | \$50,675.13 |

| | |
|------------------------|--------------|
| James Fernandes | \$235,000.00 |
| SecureCare Investments | \$770,000.00 |

(*) These are approximate amounts only and may be revised once the Receiver receives further information.

19. Copies of the certified PPSA search results for Jobec, with a file currency date of January 21, 2015, are attached as Appendix “D” .
20. Unsecured creditors, if any, have yet to be identified due to the lack of cooperation by Cook and the limited records received to date.
21. Various claims and actions against Cook and third parties may be brought by the Receiver once its investigations are more advanced.

Invico’s Funding Agreements

22. In 2013 and in early 2014, Invico entered into a series of participation agreements with Jobec pursuant to which Invico agreed to acquire and Jobec agreed to sell participation amounts in Jobec’s factoring agreements with a number of the customers that Cook had identified.
23. Details of these agreements are provided in the affidavit of Jason Brooks sworn February 4, 2015, sworn in support of Invico’s application to appoint the Receiver, and are summarized on the following table:

| Date of Participation Agreement | Associated Jobec Client |
|--|--------------------------------|
| 29-Oct-13 | Imperium Growth |
| 7-Nov-13 | Artex Environmental Corp |
| 7-Nov-13 | Artex Environmental Corp |
| 4-Dec-13 | Detail K2 Inc. |
| 4-Dec-13 | Detail K2 Inc. |
| 2-Jan-14 | Simcoe Asia Group Inc. |
| 30-Jan-14 | 2224754 Ontario Ltd. |
| 11-Feb-14 | Benefit Access CDA Inc. |
| Apr-14 | NRG Max |
| Apr-14 | CreditBridge |

24. Jobec is in default of its obligations to Invico. The only payments that appear to have been received by Invico from Jobec are a few monthly interest payments. In its Application Record for appointment of the Receiver, Invico states that Jobec is indebted to Invico as at January 13, 2015 for amounts totaling approximately CAD \$6,032,049 and USD \$50,675.

SecureCare Indebtedness

25. According to the affidavit of Peter Johannes, President of SecureCare Investments Inc., sworn February 4, 2015,¹ SecureCare carries on business as an investment company which offers and issues bonds to qualified investors, purchasing issued credit receivables finance companies, as collateral for its bonds.

¹ Affidavit sworn on February 4, 2015 on the summary judgment motion in 14-45812 seeking to direct RBC to pay all funds in the account to SecureCare, which was scheduled to be heard on February 12, 2015.

26. The Offering Memorandum of SecureCare Capital Inc., a related company, dated November 21, 2013 describes SecureCare Capital's bond offering in detail and the relationship with TFS Management Inc. and TFS RT Inc. (collectively "TFS"). A copy of the Offering Memorandum dated November 21, 2013 is attached as Appendix "E".
27. TFS Management, Inc. is a company incorporated under the laws of Ontario, which acts as originator and collateral manager of the Eligible Credit Receivables. The role of the collateral manager is described at 2.2.4 of the Offering Memorandum.
28. TFS RT Inc. ("TFS RT") is a company incorporated under the laws of Ontario, which acts as bare trustee under a Declaration of Trust dated July 10, 2012 (and subsequently amended to add SecureCare as an additional Beneficiary). As bare trustee, TFS RT holds Eligible Credit Receivables in trust for the Beneficiaries under the Declaration of Trust, of which SecureCare is one.
29. The Receiver understands that Peter Cook was a shareholder and held the position of CEO of TFS from about 2008 to 2011.
30. A research report prepared by Fundamental Research Corp. dated October 14, 2014, provides a detailed analysis of SecureCare Capital Inc.'s Bond Investment in Factoring Business, its interaction with TFS, and the risk profile of TFS relative to others in the factoring industry. A copy of the October 14, 2014 research report is attached as Appendix "F".
31. Mr. Johannes's affidavit describes the structure employed for SecureCare's investment in Jobec, which closely resembles their structure with TFS. He appends the various documents related thereto, including:
 - (a) Declaration of Trust dated July 26, 2013, whereby Jobec agreed to hold and manage assets and income derived from those assets, as nominee and bare trustee for and on behalf of named beneficiaries, including SecureCare. A copy is attached as Appendix "G";

- (b) Collateral Management Agreement with Jobec Trade Finance Inc. (a distinct company from Jobec) dated July 26, 2013, with powers to purchase credit receivables contracts on behalf of certain beneficiaries, including SecureCare;
- (c) General Security Agreement dated July 23, 2013, whereby Jobec granted SecureCare a continuing interest over all of its property and undertakings to secure payment of its indebtedness. Its GSA was registered under the PPSA on July 26, 2013.

Copies of these documents are contained in SecureCare's Motion Record for the hearing on February 13, 2015.

- 32. On July 31, 2013 and August 9, 2013, SecureCare advanced funds to Jobec in the aggregate amount of \$692,750 to be held and managed in accordance with the Declaration of Trust and Collateral Management Agreement.
- 33. The SecureCare advances were made by way of direct deposits to Jobec's RBC account no. 07-212-1019793. The Receiver has confirmed by reference to the bank statements that those transfers were deposited into the RBC account.
- 34. Similarly to Invico, SecureCare received various periodic interest payments from Jobec.
- 35. As noted above, SecureCare claims to be a creditor of Jobec in the estimated amount of approximately CAD \$770,000 plus accrued interest and costs, as at the date of the Receiver's appointment.

Events Leading to the Freezing of the RBC Account

- 36. On February 24, 2014, 2013395 Ontario Limited ("201") issued a statement of claim against Jobec in the Ontario Superior Court of Justice in Court File No. 14-45812, seeking damages sustained as a result of fraud allegedly perpetrated against them by Cook and Jobec Trade Finance Inc. Jobec Investments RT Ltd. and Royal Bank of Canada were also named as defendants. A copy of the statement of claim is attached as Appendix "H".

37. 201 also sought an interim interlocutory injunction restraining the defendants and such other persons or financial institutions from dealing with the assets.
38. 201 sought an order against RBC freezing all accounts owned, controlled or held by the Jobec Trade Finance Inc., Jobec Investments RT Ltd. and Cook, pursuant to section 437(2) of the *Bank Act*.
39. RBC appears to have frozen Jobec's Account on or about February 13, 2014, when the bank balance in that account was \$246,754.78. A copy of the February 2014 bank statement is attached as Appendix "I".
40. The defendants served a statement of defense and counterclaim and crossclaim on or about May 20, 2014, denying that the 201 was entitled to such relief. A copy of the statement of defense and counterclaim and crossclaim is attached as Appendix "J".
41. This crossclaim requested an order directing RBC to release the freeze which it had imposed on Jobec's account, claiming that RBC had acted improperly in freezing the Account.

Summary Judgment Motion

42. On January 20, 2015, 201 sought summary judgment, including an order for payment to it of the funds held in the RBC account.
43. As SecureCare claimed a prior ranking security interest over Jobec, SecureCare required that the funds in the account be paid to it ahead of 201.
44. 201's summary judgment motion was scheduled to be heard on February 12, 2015 in Hamilton. It was stayed by the Order.

Disposition of Funds in the RBC Account upon Appointment of Receiver

45. The Order provided (in paragraph 25) that the Receiver, upon receipt of the funds held in the Account, to forthwith remit such funds to Securecare Investments Inc., less \$3,750 (which amount shall be applied against the Receiver's fees and disbursements).

46. Counsel for the Receiver advised SecureCare by email on February 12, 2015 that subject to certain qualifications and assumptions (since the Receiver had not seen originals of the underlying materials, or bank records, etc.), SecureCare's security appeared to be valid and enforceable. A copy of the February 12, 2015 email is attached as Appendix "K".
47. On that basis, Invico agreed and the Court ordered that the amount of approximately \$250,000 in the Account (less \$3,750 with respect to costs incurred by the Receiver) be paid to SecureCare, once the Receiver received the funds. All parties consented to the form of the order.
48. As more fully discussed below, since the date of the Order, the Receiver has learned of additional information that raises concerns about the appropriateness of the payment of the funds to SecureCare pursuant to the order.
49. In addition, Invico and RBC have raised similar concerns with the Receiver.
50. RBC transferred the funds from the account to the Receiver on or around March 17, 2015. The Receiver has held the funds since that date.

Review of Bank Statements

51. Subsequent to its appointment as Receiver, Farber contacted RBC to obtain account information and bank records for the Account. After some delays, the Receiver received bank statements for Jobec's account for the period of July 30, 2013 to February 2, 2015 (the "**Bank Records**") from RBC.
52. Similarly, the Receiver learned that Jobec also operated a bank account at Scotia Bank ("**Scotia Account**") and requisitioned and received bank statements for the period of March 31, 2014 to January 30, 2015. The Receiver's preliminary review of the Bank Records revealed the following:
 - (a) The deposits to the RBC Account at the time that the account was frozen (February 13, 2014) were comprised almost entirely of the funds received from Invico, as detailed below:

- (i) The balance in the RBC account on February 12, 2014 was \$2,297.37.
- (ii) On February 12, 2014, Invico funded the RBC Account in the sum of \$519,527.79, pursuant to Participation Agreement dated February 11, 2014 relating to a purported Jobec customer known as Benefits Access CDA Inc.
- (iii) On February 12 and February 13, 2014, Cook issued a series of cheques/payments which cleared the RBC account on those dates. These transactions are summarized in the following table:

| Cheque Number | Payee | Amount |
|-----------------------|--|-------------------|
| 71 | SecureCare Investments Inc. | 8,659.33 |
| 72 | TFS RT Inc. | 70,000.00 |
| 61 | Prime Time Messenger | 10,000.00 |
| 63 | 1900396 Ontario Limited | 30,000.00 |
| 64 | Veritas Alliance | 50,000.00 |
| 30 | Reed Enterprises | 3,311.00 |
| 60 | Glenn Gillis. | 10,000.00 |
| 67 | The Cash House | 80,000.00 |
| Various | Online banking & credit card payments – total of | 13,100.00 |
| Total Payments | on February 12/13, 2014 | 275,070.33 |

- (iv) The resulting balance in the RBC Account when the account was frozen on February 13, 2014 was \$246,754.78.
- (v) Thereafter, various nominal bank fees were paid to the RBC.

- (b) RBC has taken the position that the remaining funds in the account are directly traceable to Invico and, therefore, do not form part of the property of Jobec, to which the SecureCare security attaches. The above analysis confirms that funds in the account were comprised almost entirely of the funds received from Invico.

TFS RT Inc. Payments

53. In addition to \$70,000 referenced above, our review of the RBC and Scotia bank Accounts, reflects that various other payments were made from Jobec to TFS RT. Amounts received amounts by TFS RT totaled at least \$680,000, as summarized below:

| Payments to TFS RT, Inc. | |
|-------------------------------------|-------------------|
| Date | Amount |
| 5-Dec-13 | 170,000.00 |
| 20-Dec-13 | 190,000.00 |
| 12-Feb-14 | 70,000.00 |
| 25-Apr-15 | 250,000.00 |
| Total (*) | 680,000.00 |

(*) Since the Receiver is still awaiting backup documentation from the banks, the amounts paid to TFS RT and/or SecureCare may exceed \$680,000.

54. While the Receiver is satisfied that SecureCare held a priority secured position over the assets of Jobec, the banking review raises concerns regarding the remaining amount that is owed to SecureCare, in the light of the TFS RT payments above.
55. On March 10, 2015, the Receiver's counsel wrote to Dickinson Wright LLP, counsel to SecureCare and TFS, posing various questions regarding the transactions between Jobec, SecureCare and TFS. A copy of that letter is attached as Appendix "L". More specifically, the Receiver was trying to understand *inter alia*:

- (a) the purpose of the transfer of \$692,750 from SecureCare to Jobec;
 - (b) the purpose of the transfers totaling \$680,000 from Jobec to TFS RT;
 - (c) whether SecureCare received any of the \$680,000 received by TFS RT;
 - (d) the current status of SecureCare's account with Jobec.
56. Dickinson Wright repeatedly contacted the Receiver seeking payment of the funds. On a telephone call on March 12, 2015, they again expressed concern that funds had not yet been received from RBC and remitted to SecureCare.
57. On March 10, 2015, the Receiver had a call with Catherine Francis, counsel to RBC. Ms. Francis raised, for the first time, the issue of potential set-off of RBC's costs against funds in the account. The Receiver enquired as to the quantum of these costs. RBC's counsel again asked whether the Receiver would dismiss Jobec's counterclaim against RBC, although she did not suggest that this was a pre-requisite to RBC releasing the funds.
58. Ms. Francis later advised that Lisa Corne of Dickinson Wright had contacted her on or about March 13, 2015, demanding release of the funds and expressing frustration that the Receiver had not fully communicated RBC's concerns to them. These concerns had only recently been fully articulated to the Receiver.
59. Dickinson Wright sent a letter to all interested parties on March 16, 2015, with reference to some of the issues raised by RBC on their recent call. A copy of the March 16, 2015 letter is attached as Appendix "M".
60. During the week of March 17, 2015, a bank draft in the amount of \$246,653.78 was sent to the Receiver.
61. On March 20, 2015, counsel to the Receiver responded to Ms. Corne's letter of March 16, 2015, summarizing the concerns voiced by RBC. The Receiver also advised that the Receiver was now in receipt of the funds from RBC and reiterated its request for answers

to questions posed in its March 10, 2015 letter. A copy of the March 20, 2015 letter is attached as Exhibit “N”.

62. Later on March 20, 2015, Dickinson Wright responded to the Receiver’s March 20, 2015 letter, providing a statement of Jobec’s indebtedness to SecureCare, responding to some of the issues raised by RBC, and stating that “*SecureCare did not receive any of the funds advanced from Jobec from the \$680,000 alleged to have been received by TFS from Jobec*”. They also advised that any funds alleged to have been received by TFS RT from Jobec are unrelated to SecureCare’s claim. A copy of Dickinson Wright’s March 20, 2015 letter is attached as Appendix “O” .
63. As noted in para 25 to 30 of this Report, TFS RT is a bare trustee that holds Eligible Credit Receivables in trust for the Beneficiaries under the Declaration of Trust, of which SecureCare is one. The Receiver has seen no evidence to suggest that SecureCare is not a beneficiary of a portion of the funds received by TFS RT.
64. If the funds are not held in trust for SecureCare and others, this begs the further question as to why TFS received any funds at all from Jobec as it had no apparent business dealings with that Company.
65. On March 30, 2015, Receiver’s counsel again wrote to Dickinson Wright with respect to the issues. A copy of that letter is attached as Appendix “P” .
66. On March 31, 2015, an all party conference call was held. No resolution was reached on any of the issues. The Receiver advised that it intended to schedule a 9:30am Chambers appointment, with a view to scheduling a motion for directions concerning entitlement to the funds and related matters.
67. Receiver’s counsel circulated a proposed timetable prior to the 9:30 attendance, which, with some adjustments, was agreed to by the parties.

68. On April 13, 2015, the parties attended before Justice Conway, who made an order scheduling the Receiver's motion for directions on June 17, 2015 and the proposed timetable. A copy of Justice Conway's scheduling order is attached as Appendix "Q".

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22th day of April, 2015.

A. FARBER & PARTNERS INC.
The Receiver of Jobec Investments RT Ltd.

A. Farber & Partners Inc.

TAB A



Court File No. CV-15-10854-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

| | | |
|--------------------|---|------------------------------|
| THE HONOURABLE MR. |) | FRIDAY, THE 13 th |
| |) | |
| JUSTICE PATTILLO |) | OF FEBRUARY, 2015 |

INVICO TRADE CAPITAL LP and INVICO BALANCED REAL ESTATE FUND

Applicants

- and -

JOBEC INVESTMENTS RT LTD.

Respondent

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicants for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing A. Farber & Partners Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Jobec Investments RT Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jason Brooks sworn February 4, 2015 and the Exhibits thereto, the affidavit of Peter Johannes, sworn February 12, 2015 and the Exhibits thereto, and the affidavit of Allan Nackan, sworn February 13, 2015, and on hearing the submissions of counsel for the Applicants, counsel for Securecare Investments Inc. and counsel for the Receiver, no one appearing for any other party on the service list although duly served as appears from the

affidavits of service of Sandra Cooper sworn February 9, 2015 and Joseph Vilardo sworn February 5, 2015, and on reading the consent of A. Farber & Partners Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

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course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

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- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's 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 and, if the landlord disputes the Receiver's 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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, 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 Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor, if any, shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, 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 of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property (with the exception of the approximately \$250,000 held in the Debtor's bank account no. 1019793 at the Royal Bank of Canada (the "**Account**")) in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to: (a) sections 14.06(7), 81.4(4), and 81.6(2) of the BIA; and (b) the security interest of SecureCare Investments Inc. in the Account.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property, other than the Account, shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

THE ACCOUNT

25. THIS COURT ORDERS AND DIRECTS the Receiver, upon receipt of the funds held in the Account, to forthwith remit such funds to Securecare Investments Inc., less \$3,750 (which

amount shall be applied against the Receiver's fees and disbursements pursuant to paragraph 20 of this Order).

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<http://www.farberfinancial.com/insolvency-engagements/jobec-investments-rt-ltd>'.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute 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 or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission 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.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

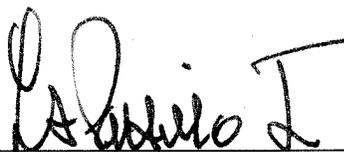
29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that the Applicants shall have their costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicants' security or, if not so provided by the Applicants' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 13 2015



SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties Jobec Investments RT Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 13th day of February, 2015 (the "**Order**") made in an application having Court file number CV-15-10854-00CL has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, except for the Account (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

INVICO TRADE CAPITAL LP and INVICO
REAL ESTATE FUND
Applicants

and

JOBEC INVESTMENTS RT LTD.

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**ORDER
(appointing Receiver)**

DENTONS CANADA LLP
77 King Street West
Suite 400
Toronto, Ontario, M5K 0A1

Kenneth Kraft
LSUC No. 31919P
Tel: 416 863-4374
Email: kenneth.kraft@dentons.com

Amer Pasalic
LSUC No. 64553R
Tel: 416-863-4630
Email: amer.pasalic@dentons.com

Lawyers for the Applicants

TAB B

Request ID: 017352468
 Transaction ID: 56839810
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2015/02/23
 Time Report Produced: 15:20:36
 Page: 1

CORPORATION PROFILE REPORT

| | | |
|----------------------------------|----------------------------|----------------------------------|
| Ontario Corp Number | Corporation Name | Incorporation Date |
| 2382035 | JOBEC INVESTMENTS RT LTD. | 2013/07/25 |
| | | Jurisdiction |
| | | ONTARIO |
| Corporation Type | Corporation Status | Former Jurisdiction |
| ONTARIO BUSINESS CORP. | ACTIVE | NOT APPLICABLE |
| Registered Office Address | | Date Amalgamated |
| 1173 SALMERS DRIVE | | NOT APPLICABLE |
| | | Amalgamation Ind. |
| | | NOT APPLICABLE |
| | | New Amal. Number |
| | | NOT APPLICABLE |
| | | Notice Date |
| | | NOT APPLICABLE |
| | | Letter Date |
| Mailing Address | | NOT APPLICABLE |
| NOT AVAILABLE | | Revival Date |
| | | NOT APPLICABLE |
| | | Continuation Date |
| | | NOT APPLICABLE |
| | | Transferred Out Date |
| | | NOT APPLICABLE |
| | | Cancel/Inactive Date |
| | | NOT APPLICABLE |
| | | EP Licence Eff.Date |
| | | NOT APPLICABLE |
| | | EP Licence Term.Date |
| | | NOT APPLICABLE |
| | | Date Commenced in Ontario |
| | | NOT APPLICABLE |
| | | Date Ceased in Ontario |
| | | NOT APPLICABLE |
| Activity Classification | Number of Directors | |
| NOT AVAILABLE | Minimum | Maximum |
| | 00001 | 00010 |
| | | Date Commenced in Ontario |
| | | NOT APPLICABLE |
| | | Date Ceased in Ontario |
| | | NOT APPLICABLE |

Request ID: 017352468
Transaction ID: 56839810
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2015/02/23
Time Report Produced: 15:20:36
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2382035

Corporation Name

JOBEC INVESTMENTS RT LTD.

Corporate Name History

JOBEC INVESTMENTS RT LTD.

Effective Date

2013/07/25

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:**Name (Individual / Corporation)**PETER
COOK**Address**1173 SALMERS DRIVE

OSHAWA
ONTARIO
CANADA L1K 0A9**Date Began**

2013/07/25

First Director

YES

Designation

DIRECTOR

Officer Type**Resident Canadian**

Y

Request ID: 017352468
Transaction ID: 56839810
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2015/02/23
Time Report Produced: 15:20:36
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2382035

JOBEC INVESTMENTS RT LTD.

Last Document Recorded

| Act/Code | Description | Form | Date |
|----------|---------------------------|------|--------------------------------|
| BCA | ARTICLES OF INCORPORATION | 1 | 2013/07/25 (ELECTRONIC FILING) |

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB C

150 York Street
 Suite 1600
 Toronto, ON M5H 3S5
 Canada

 Office 416.497.0150
 Fax 416.496.3839

www.farberfinancial.com
**IN THE MATTER OF THE RECEIVERSHIP OF
 JOBEC INVESTMENTS RT LTD.**
NOTICE AND STATEMENT OF THE RECEIVER
 (The *Bankruptcy and Insolvency Act* Subsection 245(1) and 246(1))

TAKE NOTICE THAT:

1. By an Order of the Honourable Mr. Justice Pattillo of the Ontario Superior Court of Justice (Commercial List) dated February 13, 2015 (the "Order"), A. Farber & Partners Inc. ("Farber") was appointed receiver (the "Receiver") of all the assets, undertakings and properties of Jobec Investments RT Ltd. (the "Debtor") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.

As at the date of this report, the Receiver has made ongoing efforts but has not yet succeeded in meeting with Peter Cook to take possession of the books and records and other tangible property (if any) of the Debtor. The Receiver has been in contact with the Debtor's banks to secure funds on deposit and obtain detailed banking records. The only asset that is currently known to the Receiver is funds on deposit at Royal Bank of Canada, which have been frozen and have been requisitioned by the Receiver. Thus, based on the limited information available to the Receiver at this time, the property, assets and undertakings of the Debtor may include the following:

| | Net Book Value |
|-------------------------|-----------------------|
| Cash in bank | \$246,665.00 |
| Accounts Receivable | Unknown |
| Furniture and Equipment | Unknown |
| Other Property | Unknown |

2. The following information relates to the appointment:
 - a. Address of the Debtor: 1173 Salmers Drive
Oshawa, Ontario L1K 0A9
 - b. Principal Line of Business: Investment Services
 - c. Location(s) of Business: Same as above

- d. Approximate amounts(*) owed by the Debtor to the creditors who hold or may hold a security interest in the property described above (all amounts in Canadian dollars unless otherwise indicated):

| | |
|-------------------------|----------------|
| Invico Trade Capital LP | \$5,491,795.88 |
| Invico Real Estate Fund | \$540,252.92 |
| Invico Real Estate Fund | USD\$50,675.13 |
| James Fernandes | \$235,000.00 |
| SecureCare Investments | \$770,000.00 |

(*) These are approximate amounts only and may be revised once the Receiver receives further information from Peter Cook or as a result of its ongoing investigations.

- e. The list of other creditors of the Debtor and the amount owed to each creditor by the Debtor, based on the information currently available to the Receiver, is as follows:

N/A – No information available to the Receiver at this time.

- f. Intended plan of action of the Receiver during the receivership is as follows:

To investigate the affairs of the Debtor and to develop a plan to maximize the recoveries for creditors.

- g. Contact person for the Receiver: Allan Nackan
 Telephone: (416) 496-3732
 Fax: (416) 496-3839
 Email: anackan@farberfinancial.com

DATED at Toronto, Ontario, this 23rd day of February, 2015.

**A. FARBER & PARTNERS INC.
 IN ITS CAPACITY AS RECEIVER OF
 JOBEC INVESTMENTS RT LTD.**



Per: Allan Nackan, CPA, CA, CIRP

**IN THE MATTER OF THE RECEIVERSHIP OF
JOBEC INVESTMENTS RT LTD.**

| <u>Secured Creditors</u> | <u>Amount (CDN)</u> | <u>Amount (USD)</u> |
|--------------------------|---------------------|---------------------|
| Invico Trade Capital LP | \$5,491,795.88 | |
| Invico Real Estate Fund | \$540,252.92 | \$50,675.13 USD |
| James Fernandes | \$235,000.00 | |
| SecureCare Investments | \$770,000.00 | |

Unsecured Creditors

Unknown at this time

TAB D

REPORT : P8SR060
PAGE : (7065)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931-12

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

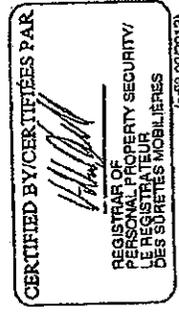
SEARCH CONDUCTED ON : JOSEC INVESTMENTS RT LTD.

FILE CURRENCY : 21JAN 2015

ENQUIRY NUMBER 20150122103931-12 CONTAINS 9 PAGE(S), 6 FAMILY(LIES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

DENTONS CANADA LLP (PPSA)
77 KING ST. WEST, SUITE 400, TD CENTRE
TORONTO ON M5X 0A1



CONTINUED . . . 2



REPORT : PSSR060
PAGE : 3
(7087)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931.12

BUSINESS DEBTOR
JOBEC INVESTMENTS RT LTD.
21 JAN 2015

00 596618807

01 20140530 1618 1590 3416 P PFSA 10

02 DEBTOR NAME: JOBEC INVESTMENTS RT LTD. OSHAWA ON L1K0A9

03 DEBTOR ADDRESS: 1173 SALMERS DR. OSHAWA ON L1K0A9

04 DEBTOR BUSINESS NUMBER: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

05 DEBTOR BUSINESS ADDRESS: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

06 DEBTOR BUSINESS ADDRESS: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

07 DEBTOR BUSINESS ADDRESS: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

08 DEBTOR BUSINESS ADDRESS: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

09 DEBTOR BUSINESS ADDRESS: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

10 DEBTOR BUSINESS ADDRESS: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

11 MOTOR VEHICLE: [REDACTED] NO. [REDACTED]

12 MOTOR VEHICLE: [REDACTED] NO. [REDACTED]

13 GENERAL: ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

14 DEBTOR ADDRESS: MCCARTHY TETRAULT LLP (A. EMOND) TORONTO ON M5K 1R6

15 DEBTOR ADDRESS: 5300 - TORONTO DOMINION BANK TOWER TORONTO ON M5K 1R6

16 REGISTERING OFFICE: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

17 REGISTERING OFFICE: [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETES MOBILIERES
(s/11s 09/2013)



REPORT : PSSR060
PAGE : (7068)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931.12

BUSINESS DEBTOR
JOBEC INVESTMENTS RT LTD.
21JAN 2015

| | | | |
|----|-----|------------------------------------|--------------------|
| 00 | 001 | 20140527 1559 1590 3092 P PPSA | 10 |
| 02 | 03 | JOBEC INVESTMENTS RT LTD. | ON |
| 04 | 05 | 1173 SALMERS DR. | OSHAWA |
| 06 | 07 | INVICO BALANCED REAL ESTATE FUND | ON |
| 08 | 09 | 300, 116 - 8TH AVENUE SW | CALGARY AB T2J 3L1 |
| 11 | 12 | MCCARTHY TETRAULT LLP (R. SWAMY) | ON |
| 13 | 14 | 5300 - TORONTO DOMINION BANK TOWER | TORONTO ON M5K 1E6 |
| 16 | 17 | CONTINUED... | 5 |

CERTIFIED BY/CERTIFIÉES PAR

[Signature]

REGISTRAR OF
PERSONAL PROPERTY SECURITY
LE REGISTRATEUR
DES SOCIÉTÉS MOBILIÈRES

(enfile 08/2013)



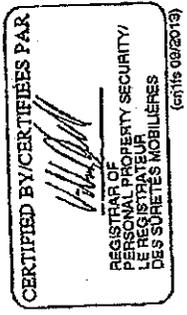
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931.12

BUSINESS DEBTOR
JOBEC INVESTMENTS RT LTD.
21 JAN 2015

| LINE | DEBTOR NAME | ADDRESS | CITY | PROV | POSTAL | REGISTRATION NO | SECURITY TYPE | DATE OF REGISTRATION | AMOUNT | NO. FILED |
|------|---------------------------|--------------------------|---------|------|---------|-----------------|---------------|----------------------|--------|-----------|
| 00 | 001 | | | | | | | | | |
| 01 | JOBEC INVESTMENTS RT LTD. | 1173 SALMERS DR. | OSHWATA | ON | M5K 1B6 | | | | | |
| 02 | INVICO TRADE CAPITAL LP | 300, 116 - 8TH AVENUE SW | CALGARY | AB | T2J 3L1 | | | | | |
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MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931.12

BUSINESS DEBTOR
JOBEC INVESTMENTS RT LTD.
21 JAN 2015

| 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|-----------|--------------------------------|---------------------------|-----------------|--------|-----------------------------|---------------------|-----------|----|--------|-----------------------------|---------------------|-----------|----|--------|----|----|----|
| 688951496 | 20150122 1006 1793 4580 P PPSA | JOBEC INVESTMENTS RT INC. | 1173 SALMERS DR | OSHAWA | SECURECARE INVESTMENTS INC. | 1857 PARKSIDE DRIVE | PICKERING | ON | L1V2N9 | SECURECARE INVESTMENTS INC. | 1857 PARKSIDE DRIVE | PICKERING | ON | L1V2N9 | | | |

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTREUR DES SÛRETÉS MOBILIÈRES
(crtfs 09/2015)



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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931.12

BUSINESS DEBTOR
JOBEC INVESTMENTS RT LTD.
21JAN 2015

01 [REDACTED]

21 [REDACTED] 688931496

22 [REDACTED]

23 [REDACTED] JOBEC INVESTMENTS RT INC.

24 [REDACTED]

25 [REDACTED] AMEND THE COLLATERAL CLASSIFICATION.

26 [REDACTED]

27 [REDACTED]

28 [REDACTED] CHARGE-GIVEN NAME [REDACTED] SURNAME [REDACTED]

02/ [REDACTED]

05 [REDACTED]

03/ [REDACTED]

06 [REDACTED]

04/07 [REDACTED] ONTARIO CORPORATION NO. [REDACTED]

29 [REDACTED] ASSIGNOR [REDACTED]

08 [REDACTED]

09 [REDACTED]

10 [REDACTED] MOTOR VEHICLE [REDACTED] DATE OF [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

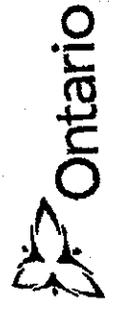
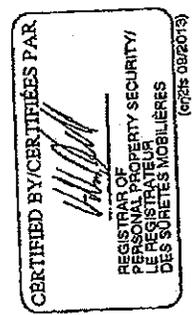
14 [REDACTED]

15 [REDACTED]

16 [REDACTED] BEARD WINTER LLP (JLD) TORONTO MSH 2K4

17 [REDACTED] 701 - 130 ADELAIDE ST W

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

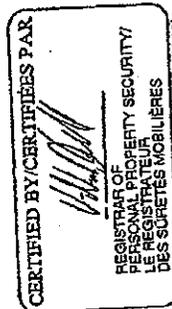
RUN NUMBER : 022
RUN DATE : 2015/01/22
ID : 20150122103931.12

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : JOSEC INVESTMENTS RT LTD.
FILE CURRENCY : 31JAN 2015

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

| FILE NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER |
|-------------|---------------------|---------------------|-------------------------|
| 696648789 | 20140530 | 1618 | 1590 3415 |
| 696648807 | 20140530 | 1618 | 1590 3416 |
| 696504186 | 20140527 | 1559 | 1590 3092 |
| 696504204 | 20140527 | 1600 | 1590 3093 |
| 693919611 | 20140221 | 1146 | 1793 3474 |
| 688931496 | 20130726 | 1006 | 1793 4580 |
| | | | 20150122 1120 1590 8363 |

7 REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.



T A B E



Confidential

Offering Memorandum

SecureCare Capital Inc.

Offering Memorandum

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 Risk Factors.

Date: November 21, 2013

The Issuer: SecureCare Capital Inc. (the "Corporation" or the "Issuer")
 Address: 1857 Parkside Drive, Pickering, Ontario L1V 3N9
 Phone #: (647) 977-9033
 Toll Free #: (877) 227-0162
 Fax #: (647) 977-9044
 Email: pjohannes@securecare.ca

Currently listed or quoted? **No. These securities do not trade on any exchange or market.**
 Reporting Issuer? No.
 SEDAR filer? No.

The Offering

| | |
|---|--|
| Securities Offered | <p>7.0% 1 year term unsecured Bonds of which there will be two series, one eligible to be purchased by the Subscriber directly and one eligible to be purchased through Deferred Plans (referred to herein as the "Series A Bonds" and the "Series B Bonds" respectively)</p> <p>8.0% 3 year term unsecured Bonds of which there will be two series, one eligible to be purchased by the Subscriber directly and one eligible to be purchased through Deferred Plans (referred to herein as the "Series C Bonds" and the "Series D Bonds" respectively)</p> <p>9.0% 5 year term unsecured Bonds of which there will be two series, one eligible to be purchased by the Subscriber Directly and one eligible to be purchased through Deferred Plans (referred to herein as the "Series E Bonds" and the "Series F Bonds" respectively)</p> <p>(collectively the "Bonds")</p> <p>See Item 5.1 Terms of Securities for the terms of the Bonds.</p> |
| Price Per Security | One thousand (\$1,000.00) per Bond and fractional Bonds to the nearest dollar are permitted. Series A, C and E Bonds may also be purchased in US Dollars. |
| Maximum Offering | \$100,000,000 (100,000 Bonds) outstanding at any time. |
| Minimum Offering | There is no minimum. You may be the only Subscriber. |
| Available Funds | Funds available from this Offering may not be sufficient to accomplish the Corporation's proposed objectives. |
| Minimum Subscription Amount Per Subscriber | \$10,000 (10 Bonds) |
| Payment Terms | Payment in full by cheque or bank draft of the aggregate subscription amount is to be made with the delivery of a duly executed and completed Subscription Agreement. See Item 5.2 Subscription Procedure. |
| Proposed Closing Date(s) | Closings will take place periodically at the Corporation's discretion. |
| Income Tax Consequences | There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Plan Eligibility. |
| Resale Restrictions | You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions. |
| Purchasers' Rights | You have 2 business days to cancel your Subscription Agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights. |
| Selling Agents | <p>Where allowed by applicable securities legislation, the Corporation intends to pay total compensation of up to 7% of the gross proceeds realized on the sale of Bonds under this Offering as sales commissions and up to 1.5% as a dealer override to Exempt Market Dealers (EMD's) or other investment dealers.</p> <p>The Corporation may also pay a combination of up-front sales commissions, dealer overrides and trailer fees, representing an equivalent deduction from capital.</p> <p>See Item 7 Compensation Paid to Sellers and Finders.</p> |

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This Offering is being made pursuant to certain exemptions contained in National Instrument 45-106 – Prospectus and Registration Exemptions ("NI 45-106"). This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons to whom they may be lawfully offered for sale.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Offering Memorandum may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Corporation's expectations except as otherwise required by applicable legislation.

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

"ABCA" means the *Business Corporations Act* (Alberta), as amended from time to time.

"Administration Fee" means the fee payable by the Corporation to CommonWealth pursuant to the terms of the Administration Services Agreement as described in Item 2.7.2.

"Administration Services Agreement" means the agreement entered into between the Corporation and CommonWealth dated August 15, 2013 as further described in Item 2.7.2.

"Agreement of Appointment" means the agreement entered into by the Collateral Manager, the Corporation and SCI dated October 25, 2013, pursuant to which both the Corporation and SCI appointed TFS Management as Collateral Manager of the Eligible Credit Receivables as more particularly described in Item 2.7.4 herein.

"Beneficiaries" means the Corporation and the other parties for which Credit Receivables are held in trust by TFS RT and managed by the Collateral Manager, pursuant to the terms of the Declaration of Trust and the Collateral Management Agreement as described in Item 2.7.6 and Item 2.7.7 and **"Beneficiary"** means any one party identified as a Beneficiary under the Declaration of Trust.

"Bondholder" means a holder of Bonds purchased by a Subscriber pursuant to this Offering Memorandum.

"Bonds" means collectively the Series A, Series B, Series C, Series D, Series E and Series F bonds issued by the Corporation pursuant to this Offering Memorandum.

"Closing" means the day or days upon which Bonds are issued to the Subscribers pursuant to this Offering.

"Collateral Management Agreement" means the agreement, together with the and the Deed of Direction re Collateral Management Agreement pursuant to the Collateral Manager shall manage the Eligible Credit Receivables acquired the by the Corporation through TFS RT as more particularly described in Item 2.2.6 The Collateral Management Agreement.

"Collateral Manager" or **"TFS Management"** means TFS Management, Inc. of Toronto, Ontario, appointed to manage the Eligible Credit Receivables on behalf of the Beneficiaries as more particularly described in Item 2.2.4.

"CommonWealth" means CommonWealth Fund Services Ltd., a Toronto based company wholly owned by Caledon Trust Company, which provides record keeping, accounting, fiduciary services and transfer agent duties to the Corporation. **See Item 2.7.2 Administration Services Agreement with CommonWealth Fund Services Ltd.**

"Corporation" means SecureCare Capital Inc.

"CRA" means the Canada Revenue Agency.

"Credit Receivable" means a financial obligation for payment due from an end debtor for goods or services as part of a factoring transaction or purchase order financing transaction.

"Declaration of Trust" means the declaration of trust dated July 10, 2012 and amended November 9, 2012 and October 25, 2013 pursuant to which TFS RT has agreed to hold certain Credit Receivables (including Eligible Credit Receivables on behalf of the Corporation) in trust for the benefit of the Beneficiaries named in the Declaration of Trust as described in Item 2.7.6.

"Deed of Direction and Appointment" means the deed through which the Corporation directed TFS RT to appoint TFS Management as the Collateral Manager with respect to Eligible Credit Receivables acquired by the Corporation as more particularly described in Item 2.7.8 herein.

"Deed of Direction re Collateral Management Agreement" means the deed of direction dated October 25, 2013 pursuant to which the Corporation provided specific direction to the Collateral Manager with respect to the portfolio criteria for Eligible Credit Receivable acquisition by the Corporation resulting in an amendment to the Collateral Management Agreement as more particularly described in Item 2.2.6 herein.

"Deferred Plan" means any one of or collectively a RRSP, RRIF, RESP and a TFSA.

"Eligible Credit Receivable" means a Credit Receivable originated in accordance with the Corporation's (as directed to the Collateral Manager) guidelines and deemed suitable for purchase by the Corporation as further described in Item 2.2.2.

"GAAP" means, at any time, accounting principles generally accepted in Canada, including those set out in the Handbook of the Canadian Institute of Chartered Accountants.

"Global" means Global Funds Holdings, Corp., a Canadian based holding company that owns 100% of the equity of TFS Management.

“Insurer” means a third party insurance company providing trade credit insurance for Eligible Credit Receivables, subject to conditions, generally insuring against failure of timely payment by Payors due to such actions as political risk, protracted default, insolvency and bankruptcy.

“InvestCare” means InvestCare Capital Corporation, a private Ontario corporation that owns all of the Class B voting common shares of the Corporation and provides management services to the Corporation. Peter and Ingrid Johannes are the officers, directors and majority shareholders of InvestCare. **See Item 2.7.1 Management and Expense Agreement with InvestCare Capital Inc.**

“JPIM” means J. Priest Investment Management Inc., a registered portfolio management firm located in Etobicoke, Ontario. **See Item 2.7.3 Service Agreement with J. Priest Investment Management Inc.**

“LIF” means Life Income Fund as defined under the Tax Act.

“LRIF” means Locked-in Retirement Income Fund as defined under the Tax Act.

“Management Agreement” means the Management and Expense Agreement entered into between the Corporation and InvestCare dated August 30, 2013 as more particularly described in Item 2.7.1.

“Management Fee” means the fee payable by the Corporation to InvestCare pursuant to the terms of the Management Agreement as further described in Item 2.7.1.

“Maximum Offering” means 100,000 Bonds (\$100,000,000).

“NI 45-106” means National Instrument 45-106 *“Prospectus and Registration Exemptions”* of the Canadian Securities Administrators.

“Obligor” means the company or agency that is owed payment for goods or services provided to a Payor and has sold that obligation to TFS RT leading to the creation of an Eligible Credit Receivable. **See Item 2.2.2 Current Business of the Corporation.**

“Offering” means the offering of up to 100,000 Bonds pursuant to the terms of this Offering Memorandum.

“Offering Jurisdictions” means the provinces and territories of Canada.

“Offering Memorandum” means this offering memorandum dated November 21, 2013 as amended or supplemented.

“Payor” means a company or agency that owes payment for an Eligible Credit Receivable.

“Person” means any individual, corporation, limited or general partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Public corporation” means a corporation that is resident in Canada at the particular time:

- (a) if at that time a class of shares of the capital stock of the corporation is listed on a designated stock exchange in Canada;
- (b) if before that time it elected in prescribed manner by filing Form T2073 to be a public corporation, and it complied with prescribed conditions relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares; and
- (c) unless it ceased to be a public corporation because of an election or designation before that particular time.

“Regulations” means the Tax Act regulations.

“RESP” means Registered Education Savings Plan as defined under the Tax Act.

“RRIF” means Registered Retirement Income Fund as defined under the Tax Act.

“RRSP” means Registered Retirement Savings Plan as defined under the Tax Act.

“SCI” means SecureCare Investments Inc., an Ontario corporation related to the Corporation by common officers.

“Series A Bonds” means the unsecured Bonds of the Corporation having the terms and conditions described in Item 5.1.

“Series B Bonds” means the unsecured Bonds of the Corporation having the terms and conditions described in Item 5.1.

“Series C Bonds” means the unsecured Bonds of the Corporation having the terms and conditions described in Item 5.1.

“Series D Bonds” means the unsecured Bonds of the Corporation having the terms and conditions described in Item 5.1.

“Series E Bonds” means the unsecured Bonds of the Corporation having the terms and conditions described in Item 5.1.

“Series F Bonds” means the unsecured Bonds of the Corporation having the terms and conditions described in Item 5.1.

“**Service Agreement**” means the agreement entered into between the Corporation and JPIM dated October 1, 2013 as further described in Item 2.7.3.

“**Service Fee**” means the fee payable to JPIM by the Corporation pursuant to the terms of the Service Agreement as described in Item 2.7.3.

“**Subscribers**” means parties who subscribe for Bonds pursuant to this Offering.

“**Subscription Agreement**” means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Bonds by a Subscriber under this Offering. The Subscription Agreement with respect to this Offering is attached hereto as Schedule A.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**TFS Management**” means TFS Management, Inc., a corporation incorporated under the laws of the Province of Ontario and the originator of the Eligible Credit Receivables.

“**TFS RT**” or the “**Bare Trustee**” means TFS RT Inc., a corporation incorporated under the laws of the Province of Ontario, as a bare trustee pursuant to the Declaration of Trust, as amended from time to time and as further described in Item 2.2.5.

“**TFSA**” means Tax-Free Savings Account as defined under the Tax Act.

In this Offering Memorandum, references to “dollars” and \$ are to the currency of Canada, unless otherwise indicated.

ITEM 1 - USE OF AVAILABLE FUNDS**1.1 Available Funds**

The following table discloses the available funds of this Offering:

| | | Assuming Maximum Offering |
|---|--|----------------------------|
| A | Amount to be raised by issuance of this Offering | \$100,000,000 |
| B | Selling commissions and fees | \$8,500,000 ⁽¹⁾ |
| C | Estimated Offering costs | \$500,000 ⁽²⁾ |
| D | Available Funds: $D = A - (B + C)$ | \$91,000,000 |
| E | Additional sources of funding required | Nil ⁽³⁾ |
| F | Working Capital Deficiency | Nil ⁽⁴⁾ |
| G | Total: $G = (D + E) - F$ | \$91,000,000 |

(1) Assuming 8.5% of the gross proceeds of this Offering will be paid as selling commissions. See **Item 7 Compensation Paid to Sellers and Finders**.

(2) Represents estimated legal, accounting, marketing and due diligence expenses associated with this Offering.

(3) The Corporation does not expect to require additional funds from other sources to advance its business objectives.

(4) The Corporation does not have a working capital deficiency.

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds of this Offering in the 12 months ensuing from the date of this Offering Memorandum:

| Description of intended use of available funds listed in order of priority | Assuming Maximum Offering |
|---|---------------------------|
| The available fund of this Offering shall be used by the Corporation to: | |
| Purchase Eligible Credit Receivables from TFS. See Item 2.2 Our Business . | \$91,000,000 |

1.3 Reallocation

The Corporation will use the available funds only as stated.

1.4 Future Cash Calls

A Subscriber in these securities will not be required to make any additional funds available to the Corporation in addition to their subscription amount.

ITEM 2 - BUSINESS OF THE CORPORATION**2.1 Structure**

The Corporation was incorporated pursuant to the ABCA on June 17, 2010 as Edge Investments Inc. and changed its name to SecureCare Capital Inc. by a Certificate of Amendment dated August 12th, 2013. The Corporation's registered office is located at 2400, 525 – 8th Avenue SW, Calgary, Alberta T2P 1G1. The Corporation's head office is located at 1857 Parkside Drive, Pickering, Ontario L1V 3N9.

2.2 Our Business

2.2.1 Management of the Corporation

The Corporation is managed by Peter R. Johannes and Ingrid C. Johannes (spouses), with oversight from J. Priest Investment Management Inc., as registered Portfolio Manager and Investment Fund Manager, and record keeping, fiduciary and accounting support from CommonWealth Fund Services Ltd.

Peter R. Johannes, BSc, AMP - President and Director

Peter has 25 years of experience in mortgage and investment finance and holds an Accredited Mortgage Professional designation from the Canadian Association of Accredited Mortgage Professionals. He is licensed as a mortgage Broker of Record in Ontario, and, until 2012, was an exempt market dealer, dealing representative and a real estate broker. Mr. Johannes recently created and operated SCI, an exempt market bond offering, successfully selling and administering approximately \$50 million of securities. He was instrumental in the creation and successful operation of Northwood Mortgage Investment Corporation and has worked as a senior executive and president of companies specializing in the structuring and sales of exempt market investment products, within a venture capital and hedge fund group. Peter holds a B.Sc. (Hons) degree, from the University of Toronto and has received extensive education in investment, finance and compliance, including completing The Investment Funds Institute of Canada course of study for the Officers' Partners' and Directors' course and the Exempt Market Products exams.

Ingrid C. Johannes - Administrator and Director

Ingrid has 26 years of service and administration experience. She serves as the chief administrator for SCI and the Corporation. Since November 2012, Ingrid has supervised the systems and administration of SCI, managing growth to approximately \$50 million of assets and over 1,500 individual investors. Ingrid was also a mortgage underwriting officer with two mortgage origination companies and, over seventeen years, has held senior roles as a manager and administrator of mid-sized health care centers.

Linda J. Palmer, CSC - Advisor Relations Manager

Linda has over 5 years in financial service and support, completing the Canadian Securities Course and several other finance related programs. She has worked with TD Greenline Investor Services, provided client support with Richardson Greenshields and, most recently, worked as a Freedom 55 Account Representative.

Jason C. Priest, BA, CFA, FRM, CFP – Fund Manager

Jason has owned and managed J. Priest Investment Management Inc., a boutique portfolio management firm in Toronto, since 2009. A graduate of Acadia University, Jason began his career as a Financial Planner with one of Canada's largest insurance companies and quickly became a specialist in investments and financial markets. He earned his Canadian Investment Manager (CIM) and Certified Financial Planner (CFP) designations in 2001, Derivatives Market Specialist (DMS) in 2003, became a Chartered Financial Analyst (CFA) in 2004 and obtained a Financial Risk manager (FRM) designation in 2005. Mr. Priest is a member of the CFA Institute and the Global Association of Risk Professionals (GARP) and has extensive analytical and risk assessment experience, particularly for fixed income investments. He serves as the Ultimate Designated Person and Chief Compliance Officer for J. Priest Investment Management Inc., the registered Portfolio Manager for the Corporation. **See Item 2.7.3 Service Agreement with J. Priest Investment Management Inc.**

2.2.2 Current Business of the Corporation

The Corporation has carried on limited business prior to this Offering.

The Corporation intends to raise funds pursuant to this Offering for the purpose of acquiring Eligible Credit Receivables. Eligible Credit Receivables are factored contracts bought from client companies (“**Obligors**”) for payments from creditworthy end debtor companies and agencies (“**Payors**”) for goods or services. As these Eligible Credit Receivables mature, the asset pool may be refreshed through replacement acquisition of new Eligible Credit Receivables.

Payments due from these Eligible Credit Receivables are insured using third party trade credit insurance from Insurers. Trade credit insurance protects against insolvency, protracted default and political risks. Credit Receivable payments may also be secured through a Letter of Guarantee from a reputable bank in Canada or the United States.

The asset pool, held by the Corporation, is expected to include Eligible Credit Receivables from manufacturing, importing and service businesses in North America, Latin America and China. Additionally, the Corporation retains the right to dictate and amend the specifications of the Eligible Credit Receivables that it will acquire.

The Corporation receives income generated from the Eligible Credit Receivables, at the rate of 14% per annum, paid to the Corporation monthly in arrears by TFS RT, on the aggregate amount of funds used by the Corporation for the purpose of purchasing Eligible Credit Receivables through TFS RT (see Item 2.7.4 Agreement of Appointment).

This revenue is distributed by the Corporation to satisfy its obligations in the following priority:

- a) Satisfy obligations to Bondholders for monthly interest payments (see Item 5.1 Terms of Securities);
- b) Repay Bondholder accounts for capital used to pay any offering costs, sales fees and commissions (see Item 7 Compensation Paid to Sellers and Finders);
- c) Pay Service Fees to the JPIM, the Fund Manager (see Item 2.7.3 Service Agreement with J. Priest Investment Management Inc.);
- d) Pay Administration Fees to CommonWealth (see Item 2.7.2 Administration Service Agreement with CommonWealth Fund Services Ltd.);
- e) Pay any expenses of TFS RT that are apportioned to the Corporation (see Item 2.2.5 TFS RT, Inc.);
- f) Pay management fees and expenses to InvestCare Capital Corporation (see Item 2.7.1 Management and Expense Agreement with InvestCare Capital Corporation).

TFS Management functions as the originator and Collateral Manager of the Eligible Credit Receivables. The Eligible Credit Receivables are acquired by TFS RT pooling them and removing them from the TFS Management's balance sheet. Once the Eligible Credit Receivables are transferred to TFS RT, there is normally no creditor recourse to TFS Management and the Eligible Credit Receivables are considered unavailable to TFS MI's creditors. TFS RT is now able to sell and assign Eligible Credit Receivables to the Corporation for the purpose of raising capital for TFS Management.

An Eligible Receivable is one to which all of the following characteristics are believed to be true on the day of purchase and assignment to the Corporation

- a) **Insurance, Letter of Credit/Guarantee.** The Credit Receivable shall be an Eligible Credit Receivable of the Corporation, within an approved limit of the Corporation's credit if (i) there exists a valid and enforceable policy of insurance indemnifying the Eligible Credit Receivable Obligor (and its assignees) against credit exposure loss in respect of at least 85% of that receivable; or (ii) said receivable is guaranteed through a letter of credit or letter of guarantee guaranteeing payment of the receivable; or (iii) any receivable in excess of its insurance coverage is backed by an asset satisfactory to the Collateral Manager and the receivable shall have undergone a satisfactory credit review, as determined by the Collateral Manager.
- b) **Title.** Immediately before the purchase under the purchase agreement (the "**Purchase Agreement**") between the Eligible Credit Receivable Obligor and TFS RT, on behalf of the Corporation, and at the direction of the Collateral Manager and at the time of the transfer of such receivable to the TFS RT, the Eligible Credit Receivable Obligor has good and marketable title thereto and such receivable is free and clear of all "liens."
- c) **Collateral Classification.** Such Credit Receivables constitutes either an "instrument" or an "intangible" under and as defined in the *Personal Property Security Act* (Ontario) ("**PPSA**").
- d) **No Bankruptcy.** As of the related date, neither the Eligible Credit Receivable Obligor, nor the Collateral Manager or the TFS RT has received notice that the Payor under such Credit Receivable has filed for bankruptcy, and to the best of the Obligor and the Collateral Manager's knowledge, as of the related date, the Payor under such Credit Receivable is not in bankruptcy or similar proceedings.
- e) **Binding Obligation.** Such Credit Receivable includes rights and remedies allowing the holder to enforce the obligation and represents the genuine, legal, valid, and binding payment obligation of the Payor, enforceable by the holder thereof in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally.
- f) **Terms of Receivable.** Such Credit Receivable arises under a contract that: (a) contains an obligation to pay a specified sum of money and is subject to no contingencies, discounts, rebates, set offs or offset rights; (b) does not require the Payor under such contract to consent to the transfer, sale or assignment of the rights of the Obligor under such contract; (c) does not contain a confidentiality provision that purports to restrict the assignability or enforcement by any assignee of the related receivables or any purchaser's exercise of rights under the Purchase Agreement, including, without limitation, the right to review such contract; and (d) has not been extended, rewritten or otherwise modified from its original terms.
- g) **No Fraud.** No material error, omission, misrepresentation, negligence or fraud in respect of such Credit Receivable has taken place on the part of any Person in connection with the creation, apportionment, acquisition, servicing or sale of such receivable.

- h) **Marking of Servicer Computer Files.** As of the related date, the Collateral Manager has clearly and unambiguously marked its computer files and any other applicable electronic records to indicate that such receivable has a unique identification code that is reflected on the records of the Collateral Manager and Credit Receivables scheduled thereto as being registered by TFS RT and owned by the Corporation.

The Corporation has entered into the Service Agreement with JPIM pursuant to which JPIM will register and act as portfolio manager, investment fund manager and exempt market dealer on behalf of the Corporation in the jurisdictions that the Corporation operates in. As of the date of this Offering, JPIM is a Portfolio Manager registered in the Province of Ontario. The Corporation's purchase of Eligible Credit Receivables and the operation of the Corporation's fund will be controlled by JPIM. **See Item 2.7.3 Service Agreement with J. Priest Investment Management Inc.**

2.2.3 History of SecureCare Investments Inc.

The "SecureCare Bonds" brand has previously been used by SCI, a company incorporated on October 26, 2010, managed by Peter and Ingrid Johannes and the issuer of an exempt market investment product similar to the one described herein. SCI's bond offering commenced in November 2011 and was closed to further sales, having reached its capacity, on approximately October 18, 2013. As of September 30, 2013, approximately \$47,344,821 worth of bonds issued by SCI were outstanding, held by approximately 1,555 individual bondholders. SCI is one of five Beneficiaries under the Declaration of Trust. SCI receives Eligible Credit Receivable assets in the same way as intended by the Corporation in this Offering.

To the date of this Offering, SCI has made all scheduled bondholder payments, totalling approximately \$2,835,276 in paid or accrued interest and \$2,992,740 of bond redemptions. SCI is expected to continue to carry on business until October 2018, when the last of its 5 year bonds mature.

2.2.4 The Collateral Manager

The Eligible Credit Receivables will be managed by the Collateral Manager, a corporation incorporated under the laws of Province of Ontario (originally incorporated as Global Trade Finance Inc. and later renamed as TFS Management pursuant to Articles of Amendment dated November 21, 2012), pursuant to the terms of the Collateral Management Agreement (the terms of which are described in more detail below). TFS Management is owned by Global Funds Holdings, Corp., a Canadian based holding company. Stephen McDonald is the President of Global. **See Item 2.2.8 TFS Management, Inc. and TFS RT, Inc. - Key Personnel.**

The Collateral Manager provides financing solutions including, but not limited to, factoring and purchase order financing and fulfillment services for customers and clients who are usually small to medium companies experiencing cash flow demands commonly associated with growth and expansion. The target market for the Collateral Manager includes, but is not limited to, manufacturing, importing and service businesses in North America, Latin America and China, providing goods or services for sale to large, creditworthy retailers or suppliers.

The Collateral Manager underwrites these transactions by performing legal and business due diligence to ensure that the company selling the accounts ("**Obligor**") receivable can legally assign them (i.e., Eligible Credit Receivables) and to ensure that the debtor with respect to the accounts ("**Payor**") has received and accepted goods or services or has proper title to each respective asset and is willing and able to make payment within the stated terms.

The Payor receives the most underwriting attention because it is the ultimate source of the Eligible Credit Receivables payment. Generally, the Collateral Manager will take out an insurance policy, from a third party trade credit insurer (the "**Insurer**"), for as much as 90% of the value of the Eligible Credit Receivables, in order protect payment from the Payor against default. If the transaction is approved by both the factor company and the Insurer, the Eligible Credit Receivable is assigned to TFS RT with payments from the Payor being made directly to TFS RT. TFS RT will then advance up to 90% of the value of the Eligible Credit Receivables to the clients and customers. The remaining 10% is treated as a reserve and released to these clients and customers only after all payments have been received and financing costs paid. The interest rates and fees of a typical transaction amount to approximately 2% to 3% per month and transaction terms normally do not exceed 120 days. The Collateral Manager has specific underwriting and verification procedures that it uses for each transaction it considers. Although risk is assessed on an account-by-account basis, general risk management policies followed by the Collateral Manager include:

- Up to a 90% advance and 10% reserve fund minimum on each transaction.
- Individual transactions do not exceed 15% of the total portfolio held by TFS RT.
- Most transactions have a value of less than \$4,500,000.
- No consignment sales transactions are accepted.

There is further risk mitigation employed by the Collateral Manager through the use of third party guarantees. Where available and appropriate, the Collateral Manager intends to require and arrange, usually at its cost, trade credit insurance from reputable regulated insurers, currently Lloyd's of London. This insurance is intended to conditionally protect against payment default by the Payor and is to cover as much as 90% of the face value of the Eligible Credit Receivable. The added value of third party insurance is that insurance company underwriters perform their own independent due diligence on the Payor, approve and guarantee the transaction and set specific finance limits. Rather than requiring insurance for a file, the Collateral Manager may accept a Letter of Guarantee assigned to TFS RT, covering the amount of the Eligible Credit Receivable and held by a reputable bank in Canada or the United States. In addition to third party credit insurance, the Collateral Manager may require the Eligible Credit Receivable to be backed by an asset acceptable to the Collateral Manager, in its sole discretion. The Eligible Credit receivables portfolio is diversified by customer, product, industry and country.

2.2.5 TFS RT, Inc.

TFS RT was incorporated under the laws of the Province of Ontario and is a Bare Trustee under the Declaration of Trust dated July 10, 2012 (as amended on (i) November 9, 2012, by the addition of SCI as an additional Beneficiary and (ii) October 25, 2013 by the addition of the Corporation as an additional Beneficiary under the Declaration of Trust. As Bare Trustee, TFS RT holds Eligible Credit Receivables in trust for the Beneficiaries under the Declaration of Trust, of which the Corporation is one. At present, TFS RT is managed by staff from TFS Management headed by Stephen McDonald. **See Item 2.2.8 TFS Management, Inc. and TFS RT Inc. - Key Personnel.**

The Declaration of Trust requires the Bare Trustee to act, from time to time, on instructions from the Collateral Manager in respect of Eligible Credit Receivables. Pursuant to the Declaration of Trust, TFS RT will act as bare trustee for other Beneficiaries and the Declaration of Trust may be amended and or updated to reflect these arrangements. Assets of one Beneficiary held pursuant to the Declaration of Trust will not be available to creditors of any other Beneficiary, although some common expenses of each Beneficiary may be deducted by TFS RT as they arise from time to time.

Specifically, the purpose of TFS RT is to serve as the primary custodian for Eligible Credit Receivables selected by the Collateral Manager on behalf of the Corporation and subject, in each case, to the Corporation's specific eligibility criteria for an Eligible Credit Receivable. Eligible Credit Receivables of the Corporation are not available to creditors of TFS Management or another Beneficiary, and are secured in favor of the Corporation by the Declaration of Trust. In addition, TFS RT has executed a General Security Agreement in favor of the Corporation (**see Item 2.7.5 General Security Agreement**), together with the registration of a financing statement filing under the PPSA, as the head offices of both TFS RT and the Corporation are situated in Ontario, securing the pledge of assets to the Corporation under the General Security Agreement. The purpose of the PPSA filings and general security agreement is to provide security for the rights of the Corporation under the Declaration of Trust.

TFS RT, at the direction of the Corporation, has engaged the Collateral Manager to act as collateral manager for its assets and provide certain other services pursuant to the Collateral Management Agreement. The Collateral Manager Agreement provides, among other matters, that TFS RT is to execute such purchase and sale arrangements as the Corporation and the Collateral Manager may direct. In addition, TFS RT will register, at the time of execution of the relevant purchase agreement, a security interest in support of Eligible Credit Receivables purchased from Obligor under either the relevant provincial personal property security act in Ontario, or the *Uniform Commercial Code* in the United States in support of the purchase agreements for Eligible Credit Receivables. The security registered is held for the benefit of the Corporation under the Declaration of Trust.

Currently there are five Beneficiaries of TFS RT listed in the Declaration of Trust or amendments thereof: the Corporation, TFS Canada Bond Series, Inc., Trade Finance Solutions Inc., Champion Diversified Bond Inc. and SCI. TFS RT is not limited in the number of Beneficiaries it can serve. Adding a new Beneficiary requires an amendment to the Collateral Management Agreement and the Declaration of Trust (**see Item 2.2.4 The Collateral Manager and Item 2.2.6 The Collateral Management Agreement**).

2.2.6 The Collateral Management Agreement

As mentioned above, the Corporation will acquire and invest in the Eligible Credit Receivables, through TFS RT. The Corporation has appointed the Collateral Manager to act as manager in respect of the Eligible Credit Receivables in accordance with the Collateral Management Agreement. Pursuant to the Collateral Management Agreement, the Collateral Manager has agreed to provide certain services in respect of the Eligible Credit Receivables, including but not limited to:

- a) advising in relation to the investment and related portfolio evaluation and advisory services with respect to the Eligible Credit Receivables, the management and monitoring of the Eligible Credit Receivables;
- b) advising in relation to the Eligible Credit Receivables with a view to ensuring that each of the criteria of the Eligible Credit Receivables are met;
- c) to the extent that it is within its power and when reasonably requested, carrying out such calculations and/or determinations as may reasonably be required in respect of the Eligible Credit Receivables from time to time;

- d) as required, service the Eligible Credit Receivables, including, (i) realizing on Eligible Credit Receivables, (ii) enforcing on Eligible Credit Receivables; (iii) selling, purchasing, trading or otherwise dealing with the Eligible Credit Receivables as the Collateral Manager determines as necessary; and (iv) any other services as may be reasonably determined as necessary or incidental to any of the above;
- e) notifying all required parties upon becoming aware of the same, in the event that a material adverse change in its business and/or operations has occurred or is continuing such that, as a result of such change, it no longer has the capacity or the competence to perform its obligations as Collateral Manager; and
- f) ensuring that appropriately qualified employees or directors or officers of the Collateral Manager carry out the Collateral Manager's duties.

The Collateral Manager may be removed with cause forthwith by TFS RT for the reasons contemplated in Section 5.2 of the Collateral Management Agreement (including, without limitation, if the Collateral Manager wilfully breaches, or takes or omits to take any action which it knows violates any material provision of the Collateral Management Agreement or it breaches any material provision of the Collateral Management Agreement, which breach is not remedied within 30 business days); and Collateral Manager may be removed without cause upon 90 days' prior written notice by TFS RT.

2.2.7 Affiliates

TFS RT and the Collateral Manager are each deemed to be an affiliated company of each other pursuant to the definition of "affiliated companies" ("**Affiliated Companies**") in Section 1(2) of the *Securities Act (Ontario)*, such that, TFS RT and the Collateral Manager are wholly-owned subsidiaries of Global Funds Holdings Corp.

Certain of the Material Agreements (described in Item 2.7 herein) have been executed by parties that are Affiliated Companies and would therefore be considered related-party transactions.

2.2.8 TFS Management, Inc. and TFS RT, Inc. -- Key Personnel

J. Stephen McDonald – President

Steve is President of both TFS Management and TFS RT. Steve joined the organizations in 2006 and has been active in the factoring industry for the last six years. Prior to working with TFS Management and TFS RT, Steve had 25 years of sales and executive management experience and served as a senior manager for one of the largest telecom infrastructure providers in North America. Since joining TFS Management and TFS RT, Steve has facilitated well over 1,000 credit receivables transactions, involving businesses in 15 different countries, representing over \$100 million of goods and services.

Sandra D. Simmons, Hon. BA (Accounting), CGA – Vice President of Finance

With an honours degree in accounting and a Certified General Accountant designation, Sandra has handled the accounting and administrative needs of both private and public companies. She has been responsible for the financial operations of TFS Management and TFS RT for the last 5 years. Prior to that, Sandra held the positions of Director of Accounting for InterTAN in Canada and Manager of Accounting for Entertainment Partners Canada.

Joe Healy – Credit and Underwriter Manager

Joe has over 20 years of Credit & Risk Management/Underwriting experience. Prior to joining TFS Management and TFS RT, he was Vice President/Account Executive for a leading international commercial finance company where he had over \$100 million in assets under management. There he was responsible for credit risk management, underwriting, contract negotiations and problem loan workouts. Prior to, he was Vice President in charge of loan management and underwriting for an international bank based in Israel which involved asset based lending, working capital lines and commercial real estate finance. Joe also worked extensively with a leading asset based lender and as a consultant for the Palm Beach County School District where he examined charter school expenditures and compliance within the County's \$4 Billion annual budget.

Zachary Spencer, BBA, CIM, FRM – Credit and Underwriting Manager

Zachary joined TFS as a Credit and Underwriting Manager in 2010 after graduating from Wilfrid Laurier University with a Bachelor of Business Administration degree with a concentration in finance. Since joining TFS, Zachary has obtained designations as a Chartered Investment Manager (CIM) and Financial Risk Manager (FRM). He is currently in pursuit of his CFA as a level 1 candidate. He has also received education in investment finance and compliance, completing The Officers' Partners' and Directors', Canadian Investment Funds Course, and the Exempt Market Products Course through study with The Investment Funds Institute of Canada.

Peter Nunes, BBA, MBA – Senior Vice President, Business Development

Peter holds the position of SVP for Business Development, working for TFS from its Miami office, reporting to Steven McDonald. Peter is an entrepreneurial and seasoned trade finance executive whose more than twenty years of professional experience has encompassed international trade, marketing, operations, banking, factoring/asset based lending, consulting and management information systems. He was the Vice President of Global Trade Finance at Regions Bank before joining TFS and holds a BBA in finance from Baruch College, City University of New York and an MBA in Strategic Management from Dowling College, New York.

Anne E. MacRae, BA – Vice President, Business Development, Canada

Anne is responsible for the expansion of TFS Management and TFS RT in the Canadian marketplace, working with entrepreneurs and rapid growth organizations to provide trade financing solutions, including Purchase Order, Fulfillment and Accounts Receivable financing. Anne comes to TFS Management and TFS RT with six years of experience providing factoring services to companies in a wide range of industries. She understands the challenges entrepreneurs face in financing their growth, having run her own successful business for a number of years. Prior to this Ms. MacRae worked for the Campbell Soup Company as Senior Business Development Manager for their WalMart and Sam's Club national accounts. Anne holds a degree in Recreation and Business from the University of Waterloo and Wilfrid Laurier University.

Rodrigo Lopez, BS – Senior Vice President Business Development

Rodrigo Lopez is Senior Vice President of Business Development for Toronto-based Trade Finance Solutions Inc. (TFS), where he promotes and generates new business opportunities, and product development of multi-million dollar financial platforms for International clients. Previously he was Vice President of Strategic Development and CFO of American Capital Financial Group (ACFG). Since 2009, Rodrigo was instrumental in the establishment of special purpose vehicles valued at \$20 million and in the development of a private investment hedge fund with initial Assets Under Management of \$4 million, for which he served as its Managing Partner. He is a graduate of the University of Tulsa, B.S. in Economics and prior to TFS, Mr. Lopez spent 30 years in senior positions in management, finance, banking, asset-based lending, and small business microfinance in Africa, Asia, Europe, North and South America.

Collateral Manager Performance

The Collateral Manager manages assets on behalf of five (5) Beneficiaries pursuant to the Collateral Management Agreement and the Deed of Amendment to the Declaration of Trust dated July 10, 2013. These assets are held legally in the name of the nominee, TFS RT pursuant to the Declaration of Trust.

The investment profile, and strategy of the Collateral Manager on behalf each of the Beneficiaries may vary pursuant to the individual investment objectives of each Beneficiary, and the returns achieved by the Collateral Manager may vary accordingly.

The following is selected and unaudited information that outlines returns achieved by Collateral Manager as of June 30, 2013 on behalf of the Beneficiaries collectively.

| (US Dollars in Millions) | June YTD 2013 | Full Year 2012 |
|--|------------------|-------------------|
| Managed Assets Revenue | | |
| PO Financing/Product | \$ 18.7 | \$ 1.6 |
| Financing (including Factoring) Interest | 5.9 | 0.9 |
| Total Revenue | \$ 24.6 | \$ 2.5 |
| Managed Assets Margin | | |
| PO Financing/Product | 10% | 7% |
| Interest (Annualized) | 30% | 30% |
| Assets Representing Trade Receivables | \$ 71.7 | \$ 29.1 |

Aggregate assets managed by the Collateral Manager on behalf of the Beneficiaries generated gross revenues of US\$24.6 million from operations for year-to-date ("YTD") June 2013 as compared to US\$2.5 million for Fiscal 2012.

The Collateral Manager records gross revenue in two separate business lines, namely: (i) PO Financing/Product Revenue; and (ii) Interest Income charged of factored credit receivables. For YTD revenue (June 2013) for the asset pool recorded US\$18.7 million (unaudited) in PO Financing/Product Revenue and Interest Revenue of US\$5.9 million (unaudited).

The margin on each of the business lines for the same period has been 10% gross margin on the PO Financing/Product Revenue and 30% annualized gross margin on the Interest Revenue (unaudited).

The Collateral Manager achieved a significant increase in revenue over 2012, mainly due to the availability of investment capital and increased business opportunities which met the investment criteria for each Beneficiary.

| Additional information Related to Managed Assets: | Clients | Payors |
|---|------------|------------|
| Number | 23 | 48 |
| Average Loans Outstanding (US\$1,000,000) | US\$ 0.796 | US\$ 0.426 |
| Canadian | 7% | 8% |
| United States | 53% | 51% |
| Foreign | 40% | 41% |

As of YTD June 2013, the Collateral Manager managed US\$71.7 million in trade receivables held by TFS RT for its beneficiaries that represented 23 clients and 48 Payors with an average transaction size of US\$796k per client and US\$426k per Payor.

The trade receivables included North America as well as international assets. As of Year to Date June 2013, credit receivables by debtor for Canada, the United States and international markets represented 8%, 51% and 41%, respectively of the total credit receivables managed by the Collateral Manager held by the Bare Trustee for its beneficiaries.

2.2.9 Related Party Matters

Peter Johannes and Ingrid Johannes (spouses), directors and officers of the Corporation, are also directors, officers and majority shareholders of InvestCare.

Peter Johannes is the sole director, an officer and a shareholder of SCI and Ingrid Johannes is an officer of SCI.

Pursuant to the Management Agreement, InvestCare is the manager of the Corporation.

Peter Johannes may, during the currency of this Offering, acquire a 15% share ownership of Global Funds holding Corp. (see 2.2.7 Affiliates).

2.2.10 Offering Structure

The purpose of this Offering is to allow Subscribers to participate, indirectly through acquiring Bonds issued by Corporation, in the purchase of cash flow producing Eligible Credit Receivables.

Funds from Deferred Plans may be used to purchase Bonds pursuant to this Offering based on the comments of Grant Thornton LLP. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.

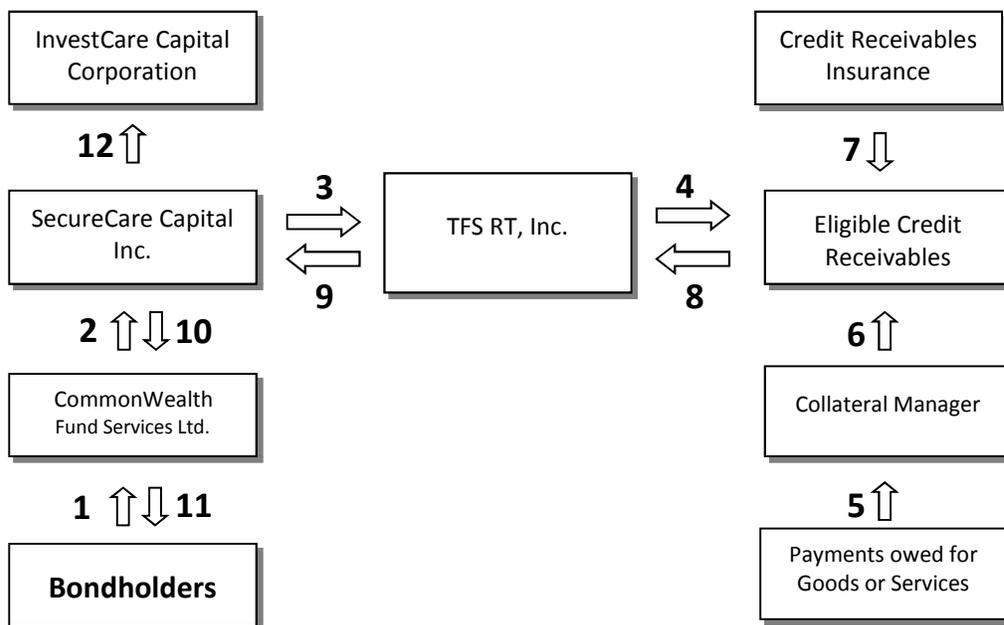
No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. See Item 8 Risk Factors.

No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of the Bonds with respect to acquiring, holding or disposing of the Bonds of the Corporation.

Subscribers are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of the Bonds purchased pursuant to this Offering.

2.2.11 Investment Charts

The following represents the proposed use of the available funds of this Offering after the payment of the costs associated with this Offering. See Item 1.1 Available Funds.



- (1) Subscribers purchase SecureCare Bonds from the Corporation directly or using funds from Deferred Plans (RRSP, RRIF, etc.).
- (2) Commonwealth Fund Services acts as a fiduciary and maintains Bond registry.
- (3) The Corporation (SecureCare) uses these funds to purchase Eligible Credit Receivables from the Bare Trustee (TFS RT) (see Item 2.2.2 Eligible Credit Receivables).
- (4) Funds from these purchases flow to the Collateral Manager to provide capital for factoring and purchase order financing (see Item 2.2.4 The Collateral Manager).
- (5) TFS clients (Obligors) have 30 to 120 day term invoices for goods or services that they wish to factor finance (see Item 2.2.4 The Collateral Manager).
- (6) The Collateral Manager (TFS MI) underwrites, finances and services the credit receivable transactions (see Item 2.2.4 The Collateral Manager).
- (7) The Collateral Manager obtains trade credit insurance on each credit receivable transaction creating Eligible Credit Receivables.
- (8) The Collateral Manager directs the Bare Trustee (TFS RT) to acquire Eligible Credit Receivable on behalf of the Corporation (see Item 2.2.4 The Collateral Manager).
- (9) Income generated from the Eligible Credit Receivables is payable from the Bare Trust to the Corporation to satisfy its obligations.
- (10) As fiduciary, Commonwealth handles interest revenues and makes monthly interest payments (see Item 2.7.2 Administration Services Agreement with Commonwealth Fund Services Ltd.)
- (11) Interest distributions are paid to Bondholders (see Item 5.1 Terms of Securities).
- (12) Management fees and reimbursement of expenses are paid from residual interest revenue to InvestCare as manager and owner. (see Item 2.7.1 Management and Expense Agreement with InvestCare Capital Corporation).

2.3 Development of Business

The Corporation has carried on limited business prior to this Offering.

In 2010, the Corporation made a distribution of 82,000 non-voting Class A Common Shares at a price of \$1.00 per share pursuant to the terms of an Offering Memorandum dated September 1, 2010 (the “**2010 Offering**”). Upon completion of the 2010 Offering, the Corporation made an election to become a “public corporation” for purposes of the Tax Act (see **Item 6.1 Income Tax Consequences and Deferred Plan Eligibility of the Bonds**). On June 17th, 2010, the Corporation issued five (5) voting Class B Common Shares (the “**Shares**”) at \$3,600 per Share, from Treasury. Three Shares were acquired by Tarman Inc. and two Shares by Transparent Investments Inc. On December 31st, 2010, both companies sold their respective Shares of the Corporation to Landsvest Acquisition I Corp. for \$10,000 per Share. On July 31st, 2013, InvestCare bought all outstanding Shares from Landsvest Acquisition I Corp. for \$8,000 per Share, gaining care and control of the Corporation. The Corporation changed its Directors to Peter and Ingrid Johannes and its name to SecureCare Capital Inc., by a Certificate of Amendment dated August 12th, 2013 (see **Item 2.1 Structure**).

The Corporation is proceeding with this Offering in order to raise funds to purchase cash flow producing Eligible Credit Receivables from TFS RT.

2.4 Long Term Objectives

The Corporation’s long-term goal is to raise up to \$100,000,000, the available funds of which will be used to acquire Eligible Credit Receivables. The amount of Eligible Credit Receivables acquired is contingent upon the amount of proceeds raised pursuant to this Offering. Once the Maximum Offering is accomplished, the Corporation will continue to sell Bonds as required to replace redemptions and maintain a stable quantity of Bonds under management. The costs to be incurred by the Corporation with respect to completion of its long term objectives are the same as its short term objectives described in Item 2.5.

2.5 Short Term Objectives and How the Corporation Intends to Achieve Them

The Corporation’s goal for the next 12 months is to raise up to \$100,000,000 for the purpose of acquiring Eligible Credit Receivables from TFS RT. The Corporation intends to sell Bonds through registered Exempt Market Dealers and Investment Dealers in all provinces and territories of Canada.

The following outlines the Corporation’s short-term objectives and the methods and costs associated with the achievement thereof.

| What we must do and how we will do it | Target completion date or, number of months to complete | Our cost to complete |
|--|---|----------------------------|
| Raise up to \$100,000,000 and use the available funds of this Offering to acquire Eligible Credit Receivables. | 12 months | \$9,000,000 ⁽¹⁾ |

(1) Represents the estimated offering costs and selling commission associated with raising the Maximum Offering amount under this Offering.

2.6 Insufficient Funds

The available funds raised from this Offering will be committed to the business objectives of the Corporation. The Corporation does not intend to hold any significant cash reserves, other than those amounts necessary to pay for all administration and operating expenses incurred by the Corporation in the conduct of its business. The Corporation does not anticipate requiring additional funds to pursue its objectives.

2.7 Material Agreements

The following are the key terms of all material agreements which the Corporation has entered into and which can reasonably be regarded as presently being material to the Corporation or a prospective purchaser of Bonds being offered pursuant to this Offering.

2.7.1 Management and Expense Agreement with InvestCare Capital Corporation

The Corporation entered into the Management Agreement with InvestCare dated August 30, 2013 pursuant to which InvestCare will provide management services to the Corporation as summarized below.

- (a) InvestCare shall provide the following services to the Corporation:
- i. office administration and related assistance and services required by the Corporation;
 - ii. manage the day to day operations of the Corporation;
 - iii. except for payments to dealers and fees to Regulators, pay the operating expenses of the Corporation;
 - iv. provide advice and perform due diligence in connection with the Corporation's purchase of Eligible Credit Receivables;
 - v. such other management that the Corporation may reasonably require for the management of its business and operations.
- (b) The term of the Management Agreement shall be for 5 years. The Management Agreement shall be renewed for a further period of 5 years to be negotiated at least 1 year prior to the expiration of the initial term. The Management Agreement may be terminated by either party on one year's written notice. The Corporation may terminate the Management Agreement without any notice and no further compensation shall be payable to InvestCare in the event of a default as described in the Management Agreement.

The Corporation shall pay InvestCare, on a monthly basis, a sum equivalent to 1.2% per annum of the average value of assets under management. The Corporation shall also reimburse InvestCare for expenses created as a result of the Corporation's activities. Payment to InvestCare for its services shall rank subordinate to the Corporation's payment to its Bondholders, JPIM and CommonWealth, InvestCare and its shareholders will, if necessary will accrue a loss in any given fiscal year but have the right to be paid for losses in previous years once the Corporation has sufficient excess revenues.

2.7.2 Administration Services Agreement with CommonWealth Fund Services Ltd.

The Corporation entered into the Administration Services Agreement with CommonWealth dated August 15, 2013 pursuant to which CommonWealth will provide administrative services to the Corporation as summarized below.

- (a) CommonWealth shall provide the following services to the Corporation:
- i. determine the net income and net realized gains of the Corporation;
 - ii. distribute interest income and capital redemption to Bondholders;
 - iii. recordkeeping of subscriptions and accounts; and
 - iv. Bondholder reporting.
- (b) The term of the Administration Services Agreement shall be for 2 years with automatic renewal periods of 1 year unless terminated by either party providing 3 months written notice.
- (c) The Corporation shall pay CommonWealth the greater of \$2,500 per month or 0.10% annually, paid monthly in arrears, on the net assets of the Corporation. If the Corporation requires additional services offered by CommonWealth, including preparation of financial statements, trustee services and transfer agent services, additional fees will apply as stated in Schedule C of the Administration Services Agreement.

2.7.3 Service Agreement with J. Priest Investment Management Inc.

The Corporation entered into the Service Agreement with JPIM dated October 1, 2013 pursuant to which JPIM will act as portfolio manager, investment fund manager and exempt market dealer on behalf of the Corporation. The material terms of the Service Agreement are summarized below.

- (a) JPIM will provide the following services to the Corporation:
- i. use best efforts to obtain investment fund manager and exempt market dealer registration in jurisdictions required by the Corporation;
 - ii. undertake the function of portfolio manager, investment fund manager and exempt market dealer, as required by securities regulations and statutes in all provinces of Canada where the Corporation sells Bonds;
 - iii. assist and represent the Corporation on any regulatory inquiries;
 - iv. review and approve the collateral assets of the Corporation;
 - v. assist in external due diligence services of the Corporation; and
 - vi. other functions and activities as mutually agreed.

- (b) The Service Agreement has an open term and may be terminated upon mutual agreement of both parties. Either party can terminate the Service Agreement upon 30 days written notice. The Service Agreement can be terminated by either party upon 5 days written notice if either party defaults.

The Corporation shall pay JPIM a fee equivalent to 0.10% of the value of Bonds under management per year, assessed and paid monthly in arrears.

2.7.4 Agreement of Appointment

The Corporation entered into an Agreement of Appointment with the Collateral Manager and SCI on October 25, 2013 pursuant to which the Corporation and SCI agreed to appoint as the Collateral Manager with responsibilities that include managing the acquisition and disposition of the Eligible Credit Receivables acquired by the Corporation and SCI.

- (a) A summary of the material terms are below:
- i. the Collateral Manager agrees to accept all funds raised by the Corporation up to \$100,000,000;
 - ii. the Corporation shall provide the first advance of funds no later than December 31, 2013; and
 - iii. the Collateral Manager shall provide a guaranteed return to the Corporation of at least 14% per annum, payable monthly in arrears, on the aggregate value of all capital provided to the Collateral Manager, and calculated monthly. Such monthly interest payments will be paid to the Corporation on or before the last business day of each month.
- (b) The Agreement of Appointment shall continue in full force and effect until the final redemption by the Corporation of the Bonds supporting the funds.
- (c) The Agreement of Appointment can be terminated without cause by providing 90 days written notice by the Corporation.

2.7.5 General Security Agreement

TFS RT signed and issued a General Security Agreement in favour of the Corporation effective October 11, 2013, perfected by registration under the PPSA on October 25, 2013, granting a general and continuing collateral security interest in the undertakings of TFS RT and all of the Corporation's assigned assets held by TFS RT on behalf of the Corporation.

2.7.6 Declaration of Trust

TFS RT signed a Declaration of Trust, effective July 10, 2012 as amended October 25, 2013 to add the Corporation as a beneficiary, whereby TFS RT agreed to hold the Corporation's assigned assets acting as bare trustee on behalf of the Corporation as Beneficiary. A summary of the material terms appears below:

- (a) TFS RT, as Bare Trustee, will hold the Eligible Credit Receivable assets in a segregated account on behalf of the Corporation;
- (b) TFS RT will not be entitled to receive any remuneration for its services as Bare Trustee;
- (c) TFS RT may resign its trust by giving one (1) month of notice to the Corporation;
- (d) The Corporation shall pay any costs that are related to a specific Eligible Credit Receivable asset and its proportion as Beneficiary of any costs that are not identified or considered common expenses;
- (e) TFS RT shall complete the acquisition of Eligible Credit Receivables in accordance with the Collateral management Agreement (see Item 2.2.4 The Collateral Manager and Item 2.2.6 the Collateral Management Agreement);
- (f) Grant to the Corporation the security agreement, assignment of purchase agreement and execute and deliver the Eligible Credit Receivables as per its obligations to the Corporation.

2.7.7 Collateral Management Agreement

The Eligible Credit Receivables to be acquired by the Corporation will be managed by the Collateral Manager pursuant to the terms and conditions of a Collateral Management Agreement (see Item 2.2.4 - The Collateral Manager and Item 2.2.6 the Collateral Management Agreement. 2.7.8 Deed of Direction and Appointment).

Effective July 10, 2012, the Corporation, as Beneficiary, has signed a Deed of Direction and Appointment authorizing TFS Management to be the collateral manager and TFS RT to be custodian of the Corporation's assigned assets.

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a “Principal Holder”). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder.

| Name and municipality of principal residence | Position held and date of obtaining that position | Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year | Number, type and percentage of securities of the Corporation held after completion of the minimum offering | Number, type and percentage of securities of the Corporation held after completion of the Maximum Offering |
|---|---|--|--|--|
| Peter R. Johannes ⁽¹⁾ Pickering, Ontario | President and Director | Nil | Nil | Nil |
| Ingrid C. Johannes ⁽²⁾ Pickering, Ontario | Secretary, Treasurer and Director | Nil | Nil | Nil |
| InvestCare Capital Corporation ⁽³⁾ Pickering, Ontario | Shareholder and Manager | \$1,200,000 ⁽⁴⁾ | 5 Class B Common Shares (100%) | 5 Class B Common Shares (100%) |

1. Peter R. Johannes, an officer and director of the Corporation, is also an officer, director and shareholder of InvestCare.

2. Ingrid C. Johannes, an officer and director of the Corporation, is also an officer, director and shareholder of InvestCare.

3. Peter R. Johannes and Ingrid C. Johannes are Directors and shareholders of InvestCare.

4. Assuming the maximum payable to InvestCare pursuant to the Management Agreement (see Item 2.7.1 Management and Expense Agreement with InvestCare Capital Corporation).

3.2 Management Experience

The names and principal occupations of the officers and directors of the Corporation over the past five years are as follows:

| Name and position | Principal Occupation and Related Experience |
|---|--|
| Peter R. Johannes, B.Sc., AMP President and Director | Peter graduated with a B.Sc. (Hon) degree, from the University of Toronto. He has also received extensive education in investment, mortgage and real estate finance and compliance, including completion of: the Officers’ Partners’ and Directors’ and the Exempt Market Products course of study and exam through The Investment Funds Institute of Canada. Peter has 25 years of experience in mortgage and real estate sales and finance and holds an Accredited Mortgage Professional designation from the Canadian Association of Accredited Mortgage Professionals. He has previously been registered as an exempt market dealer and dealing representative and a principal real estate broker. Peter recently created and operated SecureCare Investments Inc., providing an exempt market bond offering, successfully selling and administering approximately \$50 million of securities. He was instrumental in the creation and successful operation of Northwood Mortgage Investment Corporation and has worked as a senior executive and president of companies, specializing in the structuring and sales of exempt market investment products, within a venture capital and hedge fund group. |
| Ingrid C. Johannes Secretary, Treasurer and Director | Ingrid has 26 years of service and administration experience. Since November 2012, Ingrid has supervised the systems and administration of SecureCare Investments Inc., managing growth to approximately \$50 million of assets and over 1,500 individual investors. Ingrid was also a mortgage underwriting officer with two mortgage origination companies and, over seventeen years, has held senior roles as a manager and the administrator of mid-sized health care centers. |

3.3 Acquisition of Global Shares

Peter R. Johannes has been offered and may accept up to 15% of outstanding shares of Global Fund Holdings, Corp. (see **Item 2.2.7 Affiliates**) to be held personally, as consideration for work done in this and previous securities offerings. This share acquisition would be insufficient to give Johannes any position of control of Global.

3.4 Penalties, Sanctions and Bankruptcy

No director or officer or principal shareholder of the Corporation is, as at the date hereof or has been within the last ten years prior to the date hereof, (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the director or officer of the Corporation was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

To the knowledge of the Corporation, no director or executive officer of the Corporation, (a) has been subject to any penalties or sanctions imposed by a court relating to securities or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

ITEM 4 - CAPITAL STRUCTURE

4.1 Share Capital

The share capital of the Corporation is as follows:

| Description of Security | Number authorized to be issued | Price per security | Number outstanding as at November 21, 2013 | Number outstanding assuming completion of Maximum Offering |
|-------------------------|--------------------------------|--------------------|--|--|
| Class A Common Shares | Unlimited | \$1.00 | 82,000 | 82,000 |
| Class B Common Shares | Unlimited | \$3,600 | 5 | 5 |

Class A Common Shares and Class B Common Shares

- (1) The Corporation is authorized to issue an unlimited number of Class A Common shares having attached thereto, as a class, the following rights, privileges, restrictions and conditions:
 - (a) No right to notice of, to attend, or to vote at meetings of the shareholders of the Corporation;
 - (b) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when, and if declared on the Class A Common shares by the Corporation;
 - (c) Notwithstanding (b), no dividend may be declared or paid on the Class A Common shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem all shares of the Corporation then outstanding having attached thereto a redemption or retraction right; and
 - (d) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.
- (2) The Corporation is also authorized to issue an unlimited number of Class B Common shares having attached thereto, as a class, the following, rights, privileges, restrictions and conditions:
 - (a) The right to vote at any meeting of the shareholders of the Corporation;
 - (b) The Class B Shareholders are not entitled to participate in the profits of the Corporation and are not entitled to receive any dividends; and
 - (c) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.

4.2 Long Term Debt

As of November 21, 2013, the Corporation has no outstanding long term debt.

In the event the Corporation is successful in raising funds pursuant to this Offering, it will have the following **unsecured debt obligations** to Subscribers through the issue of Bonds offered by the Corporation pursuant to this Offering:

| Description of Security | Number authorized to be issued | Number outstanding as at November 21, 2013 | Number outstanding assuming completion of Maximum Offering |
|----------------------------|--------------------------------|--|--|
| Unsecured Fixed Rate Bonds | 100,000 | Nil | 100,000 ⁽¹⁾ Representing a debt obligation of \$100,000,000 to Subscribers under this Offering plus applicable interest thereon. |

(1) See Item 5.1 Terms of Securities for the terms of the Bonds offered pursuant to this Offering.

4.3 Prior Sales

As of November 21, 2013, there are 5 Class B Common Shares and 82,000 Class A Common Shares of the Corporation issued and outstanding.

| Date of issuance | Type of security issued | Number of securities issued | Price per security | Total funds received |
|------------------|-------------------------|-----------------------------|--------------------|----------------------|
| June 17, 2010 | Class B Common Shares | 5 | \$3,600 | \$18,000 |
| November 1, 2010 | Class A Common Shares | 82,000 | \$1.00 | \$82,000 |

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

Securities: The securities being offered pursuant to this Offering are unsecured fixed rate Bonds. The price of each Bond is one thousand dollar (\$1,000). The minimum number of Bonds that may be purchased by a Subscriber is 10 Bonds for a minimum investment of \$10,000. Fractional Bonds are permitted to the nearest dollar, at the discretion of the Corporation, and Series A, C and E Bonds may be purchased in US dollar currency. There is no maximum number of Bonds allocated to any Subscriber.

Maturity and Redemption: Subject to the Corporation's right of early redemption, a Bondholder's Bonds shall mature as follows (the "Maturity Date"):

- Series A and B Bonds shall mature on the first anniversary date of the issuance of those Bonds;
- Series C and D Bonds shall mature on the third anniversary date of the issuance of those Bonds; and
- Series E and F Bonds shall mature on the fifth anniversary date of the issuance of those Bonds.

In the event that the Corporation receives written notice from a Bondholder at least sixty (60) days prior to their applicable Maturity Date requesting that their Bonds be redeemed on the Maturity Date (a "Redemption Notice"), the Corporation shall redeem that Bondholder's Bonds on the Maturity Date through the payment of all unpaid interest and the principal amount of the Bonds.

If the Corporation **does not receive** a Redemption Notice as described above, a Bondholder's Bonds will be deemed to have been renewed on a "demand" basis on the same terms and conditions with respect to interest as the initial term (the "Renewal Term"), subject to the following: at any time during the Renewal Term, the Corporation shall redeem Bonds from a Bondholder and pay all outstanding interest thereon pursuant to the terms of the Bonds within 90 days of receiving written notice from a Bondholder to do so.

Early Redemption: The Corporation may redeem a Bondholder's Bonds in part or in full at any time during the term of the Bonds by providing the Bondholder with sixty (60) days written notice of its intention to do so, through the payment of the principal amount of the Bonds and all accrued and unpaid interest thereon to the date of payment.

Interest: Each Bond will entitle the holder thereof to the following simple rates of interest from the date of issue, payable monthly, normally by: direct deposit to the Bondholder's bank account for Series A, C and E Bonds, or payment to the Trustee of the Bondholder's self-directed Deferred Plan accounts, for Series B, D and F, no later than the last day of each month during the term. The Bondholder may instead elect to receive annual interest payments, with interest compounded monthly.

- **Series A Bonds** – direct subscriptions paying interest at 7.0% interest per annum.
- **Series B Bonds** – subscriptions through a Deferred Plan paying interest at 7.0% interest per annum.
- **Series C Bonds** – direct subscriptions paying interest at 8.0% interest per annum.
- **Series D Bonds** – subscriptions through a Deferred Plan paying interest at 8.0% interest per annum.
- **Series E Bonds** – direct subscriptions paying interest at 9.0% interest per annum.
- **Series F Bonds** – subscriptions through a Deferred Plan paying interest at 9.0% interest per annum.

Bonds purchased in US Dollars will have interest paid in US Dollars.

Obligations Unsecured: The Corporation's debt obligations represented by the Bonds are unsecured obligations and will rank *pari passu* amongst themselves and with all other unsecured and unsubordinated obligations of the Corporation except for such preferences as provided for under applicable law.

Funding of Redemption: Management of the Corporation shall have sole discretion in how the Corporation will fund or finance the redemption of the Bonds. Management may decide to use its existing cash on hand if any, raise additional capital in the Corporation, or borrow money to accomplish the redemption of the Bonds or use a combination of the above methods. There is no assurance that any of the above methods of funding the redemption of the Bonds will be successful or if accomplished will raise enough funds to redeem all of the Bonds. It is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity.

Limited Recourse: Recourse under the Bonds will be limited to the Principal Amount of the Bonds and all interest due and owing thereunder. There is no additional recourse by Bondholders for any deficiency in value of the Bonds in the event of non-payment or default by the Corporation of redemption of the Bonds.

5.2 Subscription Procedure

(a) Subscription Documents

Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Bonds, that it is purchasing the Bonds as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Bonds and that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws, and, as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

Reference is made to the Subscription Agreement, attached to this Offering Memorandum, for the terms of these representations, warranties and covenants.

In order to subscribe for Bonds, a purchaser must complete, execute and deliver the following documentation to the Corporation at 1857 Parkside Drive, Pickering, Ontario L1V 3N9:

1. one (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. a cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "SecureCare Capital Inc.";
3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:
 - (i) **if you are resident in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon, Northwest Territories or Nunavut** you must submit two (2) completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B-1 OR Schedule B-2, as applicable;
 - (ii) **if you are resident in Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island, Yukon, Northwest Territories or Nunavut** and your subscription for Bonds is more than \$10,000, one (1) completed and signed copy of the Representation Letter attached to the Subscription Agreement as Schedule C;
 - (iii) **if you are resident in Ontario and you are purchasing Bonds as an "accredited investor"** (as such term is defined by NI 45-106, one (1) completed and signed copy of the Accredited Investor Representation Letter attached to the Subscription Agreement as Schedule D; and

- (iv) **if resident in British Columbia, Alberta, Manitoba, Saskatchewan, Yukon, Northwest Territories or Nunavut**, two (2) copies Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule E must be completed by the Subscriber if the Bonds are sold to Subscribers in the provinces of British Columbia, Alberta, Saskatchewan or Manitoba and are sold by a party pursuant to the terms and conditions of Alberta Securities Commission Blanket Order 31-505.

Subject to applicable securities laws and the Subscriber's two-day cancellation right, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. **See Item 11 Purchasers' Rights.**

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The subscription funds will be held until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

(b) Distribution

The Offering is being conducted:

- (i) in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut pursuant to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106; and
- (ii) in the Province of Ontario pursuant to the exemption from the prospectus requirements afforded by Section 2.3 of NI 45-106.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to Subscribers in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B-1 OR Schedule B-2, as applicable.

In addition, Alberta, Saskatchewan, Manitoba, Quebec and Prince Edward Island Subscribers relying on the exemption set out in Section 2.9 of NI 45-106 must also sign the Representation Letter attached to the Subscription Agreement as Schedule C where their subscription for Bonds is more than \$10,000.

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to Subscribers in the Province of Ontario purchasing as principal and who are "accredited investors" as defined in NI 45-106 and that sign the Accredited Investor Representation Letter attached to the Subscription Agreement as Schedule D. In addition the Corporation requires each Subscriber in Ontario to sign a Risk Acknowledgment Form attached to the Subscription Agreement as Schedule B-1.

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers for Bonds will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The exemptions from the registration requirements contained in the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut allow the Corporation to offer the Bonds for sale directly to the Subscribers.

ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

6.1 Deferred Plan Eligibility of the Bonds

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

The Corporation has elected, by filing form T2073 with CRA, to be deemed to be a "public corporation" for purposes of the Tax Act, including provisions governing qualified investments for Deferred Plans. The Corporation will continue to be a public corporation until such time it elects not to be a public corporation or the Minister of National revenue gives notice to the Corporation that the Corporation is designated not to be a public corporation.

As such, the Corporation's Bonds should be eligible to be held in Deferred Plans pursuant to the Tax Act and Regulations.

There can also be additional special taxes for a TFSA, RRSP or RRIF on certain tax “advantages” that unduly exploit the attributes of a TFSA, RRSP or RRIF, including “advantages” on “prohibited investments” and on “non-qualified investments”. The rules in the Tax Act that constitute an “advantage” are quite broad; therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The income tax information contained in this item 6.1 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and published administrative practices of the CRA. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Bonds. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the Bonds, based upon their own particular circumstances.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

Where allowed by applicable securities legislation, the Corporation intends to pay total compensation of up to 7% of the gross proceeds realized on the sale of Bonds under this Offering as sales commissions and up to 1.5% as a dealer override to Exempt Market Dealers (EMD's) or investment dealers.

The Corporation may also pay a combination of up-front sales commissions and trailer fees, representing an equivalent deduction from capital.

ITEM 8 - RISK FACTORS

Purchase of Bonds pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Bonds at this time is highly speculative due to the stage of the Corporation's development. An investment in Bonds is appropriate only for Subscribers who are prepared to invest money for a long period of time and who have the capacity to absorb a loss of some or all of their investment. Subscribers must rely on management of the Corporation. Any investment in the Corporation at this stage involves a high degree of risk.

In addition to the risks of purchasing Bonds of the Corporation found elsewhere in this Offering Memorandum are the following additional risk factors which are inherent in an investment in the Bonds:

1. **Working Capital:** The Corporation will have a limited amount of working capital, as the proceeds from this Offering will be used to purchase cash flow producing Eligible Credit Receivables.
2. **Redemptions:** There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such financing will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
3. **Debt Securities:** The Bonds offered by the Corporation are not an investment in the Eligible Credit Receivables but an investment in debt securities of the Corporation.
4. **Bonds not Insured:** The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.
5. **Tax Consequences:** The tax consequences associated with an investment in the Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to Subscribers holding or disposing of the Bonds.
6. **CRA Risk:** In the event that the Corporation ceases to be a public corporation for the purposes of the Tax Act, there may be adverse tax consequences to a Subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds. If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investment in the Bonds.
7. **GAAR:** The structuring of this Offering in general and the election by the Corporation to be a public corporation, as a means to make the Bonds eligible investments for Deferred Plans, may be challenged by the CRA under the general anti-avoidance rule

("GAAR"). No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not GAAR would apply in this case. The comments of Grant Thornton LLP referred to under Item 6 Income Tax Consequences and Deferred Plan Eligibility does not address GAAR.

8. **No Right to Vote:** Bondholders will have no right to vote on matters relating to the Corporation. Exclusive authority and responsibility for managing the Corporation rests with management of the Corporation and those persons, consultants and advisors retained by management on behalf of the Corporation. Accordingly, Subscribers should appreciate that they will be relying on the good faith, experience, expertise and ability of the directors and officers of the Corporation and other parties for the success of the business of the Corporation.
9. **No Trustee:** There is no trustee being used in connection with the Bonds issued pursuant to this Offering. Bondholders must rely on the Corporation and its agent, Commonwealth Fund Services Ltd., to make all payments to the Bondholders pursuant to the terms of the Bonds.
10. **Conflicts of Interest:** There are additional potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the ABCA.
11. **Global Financial Risk:** The recent unprecedented events in the global financial markets have had a profound impact on the global economy. Virtually all economic sectors are impacted by these market conditions. Some of the key impacts of the current market turmoil include: sharp contractions in the credit markets resulting in a widening of credit risk spreads and higher costs of funding; a deterioration in the credit ratings of a number of large financial institutions; devaluations and high volatility in global equity, commodity, foreign exchange and precious metals markets and a corresponding lack of market liquidity; and a slowdown in economic activity that is affecting major global economies. These events could have a significant impact on the Corporation's business and its assets.
12. **Limited History:** The Corporation has limited operational history and no history of earnings. Accordingly, there is limited information available to a Subscriber upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stages of its business and therefore is subject to the risks associated with early stage companies, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.
13. **Illiquid Investment:** An investment in the Bonds of the Corporation is an illiquid investment. There is currently no market through which the Bonds of the Corporation may be sold. The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the securities. Accordingly, Subscribers will be unable to sell the securities of the Corporation, subject to some exceptions. See Item 10 Resale Restrictions.
14. **Required Return:** The Corporation's investing is based entirely on the acquisition of Eligible Credit Receivables. A failure by the Corporation to obtain a return equal to the aggregate of funds raised under this Offering, together with the applicable interest thereon in accordance with the terms of the Bonds, would have a negative impact on the Corporation and would adversely affect the Corporation's ability to meet its payment obligations under the terms of the Bonds.
15. **No Review by Regulatory Authorities:** Subscribers under this Offering will not necessarily have the benefit of a review of this Offering Memorandum by any regulatory authority.

TFS Operational, Industry and Investor Risk

1. **Blind Pool:** This Offering is a "blind pool" offering as the Eligible Credit Receivables to be acquired by the Corporation have not yet been identified. The Collateral Manager will in its sole discretion, without notice to or approval from any Bondholder of the Corporation, analyze and select the Eligible Credit Receivables to be acquired by the Corporation from time to time.
2. **Fraud and Commercial Dispute:** Credit Receivables insurance policies do not cover defaults caused by fraud perpetrated by the Obligor or commercial dispute between the Obligor and Payor.
3. **Currency Foreign Exchange Risk:** The Corporation's investment is made, and Eligible Credit Receivables are purchased, in Canadian dollars, however, most Eligible Credit Receivable transactions are in U.S. dollars. The Collateral Manager, therefore, may be at risk if there is a rapid adverse change in the exchange rate between the two currencies. While the Collateral Manager, at its own discretion, may hedge its currency exposure, the Corporation has no right to require it to do so.

4. **Foreign Jurisdictions:** Eligible Credit Receivables acquired by the Corporation may include receivables from companies in foreign jurisdictions including potentially: the United States of America, Mexico, Brazil and the People's Republic of China.
5. **Ongoing Deployment of Funds:** Despite a business plan developed by the Collateral Manager to deploy all of the available funds of this Offering through the acquisition of Eligible Credit Receivables by the Corporation, there is no guarantee that the Collateral Manager will have the capacity to continuously deploy all such funds.
6. **Related Party Transactions:** The Collateral Manager may provide factoring or purchase order financing services to companies that may not be arm's length and share some shareholders. While any such transactions are underwritten and insured in the same way as other Eligible Credit Receivables, there may be an increased risk of internal funding irregularities.
7. **No Reporting Required:** The Collateral Manager and TFS RT are privately held and while they employ chartered accountants to review their financial statements on an annual basis, there is no specific obligation for them to distribute that information or other performance information to potential Subscribers or existing Bondholders of the Corporation.
8. **Credit Risk:** Whilst the Collateral Manager will seek to manage exposure to any Payor and completed due diligence to the best of its ability and secure additional security and trade credit insurance as a precaution to improve collateral receipt for capital issued, there is no absolute guarantee of repayment of invoiced amounts owed in the event of bankruptcy of the Payor and or Insurer.
9. **Reliance on Management:** Decisions regarding the management of the Collateral Manager and TFS RT's affairs will be made exclusively by its officers and directors. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of the Collateral Manager and TFS RT. The Collateral Manager and TFS RT may retain independent contractors to provide services to them. These contractors will have no fiduciary duty to either the Collateral Manager and TFS RT and as such may under take actions that may have adverse consequences upon the business of the Collateral Manager and TFS RT.
10. **Competitive Industry:** The factoring industry in which TFS operates is, and will continue to be, very competitive. There is no assurance that TFS will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect its margins.
11. **TFS may be adversely affected by a general deterioration in economic conditions or a deterioration affecting specific industries, products or geographies:** A recession or downturn in the economy or the deterioration in the economic conditions affecting specific industries, geographic locations and/or products could make it difficult for TFS to originate new business as a result of reduced demand for consumer or commercial credit. A downturn in certain industries may also result in reduced demand for the products that TFS may finance in those industries, or negatively impact collection and asset recovery efforts. The deterioration in economic conditions may also have an adverse effect on credit quality and collateral values, with a corresponding adverse effect on TFS' financial position and operating results.
12. **TFS may not recover the value of the Credit Receivables it purchases:** Like other commercial finance companies, TFS may experience missed and late payments and failures by Payors to satisfy the payment terms expected when TFS acquired the Credit Receivable.
13. **TFS will acquire Eligible Credit Receivables from privately owned small and medium-sized companies that present a greater risk:** TFS' Credit Receivable portfolio will include Credit Receivables from small and medium sized, privately owned businesses. Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position and may need more capital to expand or compete.
14. **TFS may not have all of the material information relating to potential clients at the time that it makes its credit decisions:** There is generally no publicly available information about the privately owned companies from which TFS may acquire Credit Receivables. Therefore, TFS must rely on its clients and the due diligence efforts of its employees and agents to obtain the information that it considers when making its acquisition decisions. To some extent, TFS' employees and agents may depend and rely upon the management of Payors to provide full and accurate disclosure of material information concerning their business, financial condition and prospects. TFS does not have access to all of the material information about a particular Debtor's business, financial condition and prospects, or if a Debtor's accounting records are poorly maintained or organized, TFS' decision may not be fully informed, and may lead, ultimately, to a failure or inability to recover the value of the Credit Receivable acquired by TFS.
15. **Re-characterization Risk:** In the event of a default by or of the company originating the Eligible Credit Receivable, a court of law may conclude that the purchase and sale of Eligible Credit Receivables does not represent a 'true sale' and might therefore be re-characterized as a secured loan, and the Corporation a secured creditor. As a secured creditor of the company originating the Eligible Credit Receivable, the ability of the Corporation to recover any amounts on account will be affected by other creditors of the company and their relative priority. There can be no assurance that the Corporation will be able recover any

amounts on account of the Eligible Credit Receivable in priority to other creditors of the company originating the Eligible Credit Receivable.

16. **Separate Liability Risk:** TFS RT has a mandate to act as bare trustee for the benefit of each Beneficiary pursuant to the Declaration of Trust. If properly constituted and maintained, the Bare Trustee should be effective in segregating the assets and liabilities of the Corporation from each of the other Beneficiaries and assets held on behalf of one Beneficiary shall not be available to the creditors of any other Beneficiaries. However, if the Collateral Manager and the officers of the Bare Trustee were to fail to ensure that assets of each Beneficiary are properly segregated and accounted for as assets of a particular beneficiary or if a court asserting jurisdiction over a Beneficiary or TFS RT re-characterizes the relationship between TFS RT and the Beneficiaries, the debts, liabilities, obligations and expenses relating to the Corporation might not be satisfied from the assets that would otherwise belong to the Corporation and similarly the Corporation could incur loss for debts, liabilities, obligations or expenses incurred in respect of other beneficiaries.
17. **Liquidity Risk:** Bondholders are exposed to liquidity risks arising out of the funding of the Corporation of assets with corresponding liabilities and differing terms. These risks will be addressed by the Collateral Manager by managing the maturity dates of Eligible Credit Receivables purchased by the Corporation and managing the issuance and repayment of the Bonds in such a way as to maintain positive cash-flow. If the Corporation requires new capital, it may need to raise additional funds. If it is unable to raise such capital, it would need to curtail its growth and reduce its holding of assets.
18. **Financial Crisis:** Events in the global financial markets since 2007 have had a profound impact on the global economy. Virtually all economic sectors are impacted by these market conditions. Some of the key impacts of those events have included: sharp contractions in the credit markets resulting in a widening of credit risk spreads and higher costs of funding; a deterioration in the credit ratings of a number of large financial institutions; devaluations and high volatility in global equity, commodity, foreign exchange and precious metals markets and a corresponding lack of market liquidity; and a slowdown in economic activity that is affecting major global economies. These events could have a significant impact on the Corporation's business.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Bondholders

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with any securities regulatory authorities or provide to Bondholders audited interim financial statements or audited year-end financial statements of the Corporation.

The Corporation is not required to send Bondholders, on an annual or ongoing basis, any documents or financial statements of the Corporation, except for the financial statements forming part of this Offering Memorandum.

Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for your needs to enable you to prepare your income tax returns or to assess the performance of your investment.

ITEM 10 - RESALE RESTRICTIONS

These Bonds are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Bonds unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

10.1 General Statement

For trades in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut:

The Bonds will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Bonds unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

For trades in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut, unless permitted under securities legislation, you cannot trade the Bonds without an exemption before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada. The Corporation does not intend to become a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11 - PURCHASERS' RIGHTS

If you purchase the Bonds you will have certain rights, some of which are described below. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase the Bonds. To do so, you must send a notice to the Corporation before midnight on the second business day after you sign the Subscription Agreement in respect of the Bonds.

Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy these securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, the Corporation will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

Statutory Rights of Action for Subscribers in the Province of British Columbia

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the Corporation in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the "Insiders" for this section).

If this Offering Memorandum or any amendment thereto contains a misrepresentation and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Insiders. A purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;
- (b) the Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the Corporation or selling security holder on whose behalf the distribution is made if the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defenses available to the persons or companies that the purchaser has the right to sue. In particular, the Corporation would have a defense if the purchaser knew of the misrepresentation when the purchaser purchased the Bonds.

If the purchaser intends to rely on the rights described in (a) or (b) above, the purchaser must do so within strict time limitations. The purchaser must commence its action to cancel the agreement by notice to the Corporation within 180 days and must commence its action for damages by notice to the Corporation within one year from the date of the transaction.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a "misrepresentation") and it was a misrepresentation on the date of investment, a purchaser to whom this Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Corporation, while still the owner of any of the securities offered hereunder, provided that, if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Corporation;
- (b) the Corporation is not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages pursuant to subsection (a), the Corporation is not liable for all or any portion of the damages that the Corporation proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a "material fact") or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a "misrepresentation"), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Corporation, the promoters and "directors" (as defined in *The Securities Act, 1988* (Saskatchewan)) of the Corporation, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Corporation under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from the Corporation, the purchaser may elect to exercise a right of rescission against the Corporation.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

Statutory Rights of Action for Subscribers in the Province of Manitoba

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Bonds resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law: (a) a right of action for damages against (i) the Corporation, (ii) every director of the Corporation at the date of this Offering Memorandum (collectively, the "Directors"), and (iii) every person or company who signed this Offering Memorandum (collectively, the "Signatories"); and (b) a right of rescission against the Corporation.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A purchaser may elect to exercise a right of rescission against the Corporation, in which case the purchaser will have no right of action for damages against the Corporation, Directors or Signatories.

The Corporation, the Directors and Signatories will not be liable if they prove that the purchaser purchased Bonds with knowledge of the misrepresentation.

All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A person or company who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

A Director or Signatory will not be liable:

- (a) if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Corporation that it was delivered without their knowledge and consent;
- (b) if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Corporation of their withdrawal and the reasons therefore;
- (c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("Expert Opinion"), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
- (d) with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, the Corporation, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Bonds were offered for sale.

A purchaser of Bonds to whom this Offering Memorandum was not delivered prior to such purchase in circumstances where such Offering Memorandum was required to be delivered has a right of rescission or a right of action for damages against the Corporation or any dealer who failed to deliver the Offering Memorandum within the prescribed time.

A purchaser of Bonds to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Bonds by sending a written notice of rescission to the Corporation not later than midnight on the second day, excluding Saturdays, Sundays and statutory holidays, after the purchaser signs the agreement to purchase the Bonds.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised not later than:

- (a) in the case of rescission, 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) two years from the day of the transaction that gave rise to the cause of action.

The rights discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of *The Securities Act* (Manitoba) and are subject to the defences contained therein.

Statutory Rights of Action for Subscribers in the Province of Ontario

Section 5.3 of Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* ("Rule 45-501") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] or section 2.10 [*minimum amount investment*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) shall be described in the offering memorandum.

Section 130.1 of the Act and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a prospective purchaser in the Province of Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, a purchaser in Ontario who purchases securities offered by this Offering Memorandum (other than a purchaser purchasing under the accredited investor exemption that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against the Corporation for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:
 - (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - (ii) three years after the date of the transaction giving rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Reference is made to the *Securities Act* (Ontario) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (Ontario).

Statutory Rights of Action for Subscribers in the Province of Quebec

If this Offering Memorandum, together with any amendment to it, is delivered to a Subscriber resident in Quebec and contains a Misrepresentation that was a Misrepresentation at the time of purchase, the Subscriber will be deemed to have relied upon the

Misrepresentation and will have a statutory right of action against the issuer, the officers and directors of the issuer or any dealer under contract with the issuer for damages or for rescission or revision of the price.

This right of action is subject to the following limitations:

- (a) the right of action for rescission or revision of the price must be exercised within three years of the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission or revision of the purchase price, the earlier of: (i) three years after the plaintiff first had knowledge of the facts giving rise to the cause of action unless the delay in knowledge is caused by the negligence of the plaintiff, or (ii) five years after the Offering Memorandum is filed with Autorité des marchés financiers du Quebec;
- (b) no person or company will be liable if it proves that the Subscriber acquired the Notes with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the officers or directors of the issuer or the dealer under contract with the issuer will not be liable if they acted with prudence and diligence; and
- (d) a defendant may defeat an action based on a misrepresentation in forward-looking information by proving that
 - (i) the document containing the forward-looking information contained, proximate to that information,
 - (1) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and
 - (ii) the defendant had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

Statutory Rights of Action for Subscribers in the Province of New Brunswick

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in New Brunswick:

- (a) the Corporation to cancel your agreement to buy these Securities; or
- (b) for damages against the Issuer and a selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Securities were offered. There are various defenses available to the persons or companies that you have a right to sue. For example, they have a defense if they prove that you knew of the misrepresentation when you purchased the Securities.

In New Brunswick, the defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in New Brunswick, the above defense does not relieve a person of liability respecting forward-looking information in a financial statement.

If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In New Brunswick, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) one year after you knew of the misrepresentation, or (ii) six years after the transaction.

Statutory Rights of Action for Subscribers in the Province of Prince Edward Island

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Prince Edward Island:

- (a) the Corporation to cancel your agreement to buy these securities; or
- (b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made and any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defenses available to the persons or companies that you have a right to sue. For example, they have a defense if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Prince Edward Island, the above defense does not relieve a person of liability respecting forward-looking information in a financial statement required to be filed under Prince Edward Island securities laws. If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Prince Edward Island, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Statutory Rights of Action for Subscribers in Newfoundland and Labrador

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue:

- (a) to cancel your agreement to buy these Bonds; or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Bonds as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Bonds were offered. There are various defenses available to the Corporation should you exercise a right to sue. For example, it has a defense if you knew of the misrepresentation when you purchased the Bonds.

Time limitations

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Newfoundland and Labrador, you must commence your action to rescind your agreement to purchase Bonds within 180 days after you signed the agreement to purchase the Bonds or commence your action for damages within the earlier of: (1) 180 days after learning of the misrepresentation, or (2) three years after the transaction.

Statutory Rights of Action for Subscribers in the Province of Nova Scotia

If this offering memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Nova Scotia who purchases a security offered by this offering memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Corporation and every person or company who signed the offering memorandum or, at the election of the investor, a right of rescission against the Corporation (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; and
 - (ii) for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Corporation or any person or company is not liable for damages:
 - (i) if it is proven that the purchaser had knowledge of the misrepresentation;
 - (ii) if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - (iv) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
 - (v) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;
- (c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) subsection (b)(ii) to (v) do not apply to the Corporation;
- (e) in an action for damages, the Corporation or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered.

Statutory Rights of Action for Subscribers in the Territory of Northwest Territories

If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the issuer, the selling holder of a Note on whose behalf the distribution is made, every director of the issuer at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made. If the Subscriber elects to exercise a right of action for rescission, the Subscriber shall have no right of action for damages.

A defendant is not liable if he or she proves that the Subscriber purchased the securities with knowledge of the misrepresentation. A person, other than the issuer and selling security holder, is not liable if he or she proves that:

- (a) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the issuer of the withdrawal and the reason for it;
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the Offering Memorandum

- (1) there had been a misrepresentation, or
- (2) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert, or was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A defendant, other than the issuer and selling holder of a Note, is not liable with respect to any part of an Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (b) believed that there had been a misrepresentation.

A defendant is not liable with respect to a misrepresentation in forward-looking information if,

- (a) the offering memorandum containing the forward-looking information also contains, proximate to the forward-looking information,
 - (i) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward-looking information; and
 - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (iii) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward-looking information; and
 - (iv) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (v) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Notes resulting from the misrepresentation. The amount recoverable by a plaintiff must not exceed the price at which the Notes purchased by the plaintiff were offered. The right of action for rescission or damages is in addition to and without derogation from any other right the Subscriber may have at law. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

Statutory Rights of Action for Subscribers in the Territory of Yukon

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue in Yukon:

- (a) for the Corporation to cancel your agreement to buy these securities; or
- (b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defenses available to the persons or companies that you have a right to sue. For example, they have a defense if you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

- (a) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Yukon, the above defense does not relieve a person of liability respecting forward-looking information  financial statement required to be filed under Yukon securities laws.

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations.

In Yukon, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Statutory Rights for Failure to Deliver the Offering Memorandum in Yukon

If you reside in Yukon and you did not receive a copy of this Offering Memorandum before you signed your Subscription Agreement, you have a right to sue for damages, or if you still own your securities, you can choose to cancel your agreement instead of suing for damages.

Statutory Rights of Action for Subscribers in the Territory of Nunavut

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Nunavut:

- (a) the Corporation to cancel your agreement to buy these securities; or
- (b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made, any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defenses available to the persons or companies that you have a right to sue. For example, they have a defense if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Nunavut, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION.

REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED.

THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

SecureCare Capital Inc.
Condensed Interim Financial Statements
Three and Nine Month Periods Ended September 30, 2013 and 2012 (Unaudited)



Rice & Company LLP
Suite 1600, 510 5th Street SW
Calgary, AB T2P 3S2
T (403) 457-1100

To the Shareholders of
SecureCare Capital Inc.

We have reviewed the accompanying financial statements of SecureCare Capital Inc., which comprise the interim statement of financial position as at September 30, 2013, and the interim statements of comprehensive loss, changes in equity and cash flows for the three and nine month periods ended September 30, 2013.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

We conducted our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. Those standards consist principally of applying analytical procedures to financial data, and making inquiries of and having discussions with persons responsible for financial and accounting matters.

An interim review is substantially less in scope than an audit, whose objective is an expression of opinion regarding the financial statements, and that accordingly, no such opinion is expressed. An interim review does not provide assurance that we would become aware of any or all significant matters affecting the interim financial statements that might be identified in an audit.

We are not aware of any material modifications that need to be made for the interim financial statements to be in accordance with International Financial Reporting Standards.

This report is provided solely for the purposes of assisting the Board of Directors, to which it is addressed in discharging their responsibilities and should not be used for any other purposes. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Rice & Company LLP.

CHARTERED ACCOUNTANTS

Calgary, Canada
November 21, 2013

SecureCare Capital Inc.
Statement of Comprehensive Loss (unaudited)
For the Three and Nine Month Periods Ended

| | Three Months Ended | Nine Months Ended | Three Months Ended | Nine Months Ended |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2013 | September 30, 2013 | September 30, 2012 | September 30, 2012 |
| Expenses | | | | |
| Professional fees | \$ - | \$ - | \$ - | 817 |
| Bank charges | - | - | - | 5 |
| Total comprehensive loss for the period | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(822)</u> |

See accompanying notes to the financial statements.

SecureCare Capital Inc.
Statement of Changes in Equity (unaudited)

| | Notes | Number of Shares | Share Capital Stated Value | Deficit | Total Equity |
|--------------------------------------|-------|---------------------|-------------------------------|--------------|-----------------|
| Balance at January 1, 2013 | | 82,005 | \$ 100,000 | \$ (100,000) | \$ - |
| Loss for the period | | - | - | - | - |
| Balance at September 30, 2013 | | 82,005 | \$ 100,000 | \$ (100,000) | \$ - |

| | Notes | Number of Shares | Share Capital Stated Value | Deficit | Total Equity |
|--------------------------------------|-------|---------------------|-------------------------------|--------------|-----------------|
| Balance at January 1, 2012 | | 82,005 | \$ 100,000 | \$ (99,178) | \$ 822 |
| Loss for the period | | - | - | (822) | (822) |
| Balance at September 30, 2012 | | 82,005 | \$ 100,000 | \$ (100,000) | \$ - |

See accompanying notes to the financial statements.

SecureCare Capital Inc.
Statement of Cash Flows (unaudited)
For the Three and Nine Month Periods Ended

| | Three Months Ended September 30, 2013 | Nine Months Ended September 30, 2013 | Three Months Ended September 30, 2012 | Nine Months Ended September 30, 2012 |
|--|--|---|--|---|
| Cash provided by (used in): | | | | |
| Cash flows from operating activities | | | | |
| Net loss | \$ - | \$ - | \$ - | (822) |
| Change in non-cash working capital | - | - | - | - |
| Net cash used in operating activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(822)</u> |
| Change in cash | - | - | - | (822) |
| Cash, beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>822</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> |

See accompanying notes to the financial statements.

SecureCare Capital Inc.
Notes to the Interim Financial Statements (unaudited)
For the three and nine month periods ended September 30, 2013

1. General business description

SecureCare Capital Inc. (the "Corporation") was incorporated pursuant to the Business Corporations Act (Alberta) on June 17, 2010. The objective of the Corporation is to raise funds pursuant to an offering (note 6) for the purposes of acquiring cash flow producing credit receivables ("Credit Receivables") beneficially held in trust by TFS RT, Inc. ("TFS RT"), an unrelated entity. The Corporation was incorporated as Edge Investments Inc. and changed its name to SecureCare Capital Inc. on August 9, 2013. The Corporation has elected to be a "public corporation" for the purposes of the Income Tax Act (Canada).

The address of the Corporation is 1857 Parkside Drive, Pickering, Ontario, L1V 3N9.

2. Basis of presentation

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting' and should be read in conjunction with the annual financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS.

These condensed financial statements were authorized for issue by the Director of the Corporation on November 21, 2013.

3. Significant accounting policies

The accounting policies adopted are consistent with those described in the financial statements for the year ended December 31, 2012.

4. Determination of fair values

The preparation of interim financial statements requires the use of estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the key estimates and judgements made by management in applying the Corporation's accounting policies were the same as those applied to the annual financial statements for the year ended December 31, 2012.

SecureCare Capital Inc.

Notes to the Interim Financial Statements (unaudited)

For the three and nine month periods ended September 30, 2013

5. Share capital

During the three and nine month period ended September 30, 2013, the 5 Class B shares were sold at \$5,000 per share to InvestCare Capital Corporation for total gross proceeds of \$25,000.

6. Subsequent event

The Corporation has prepared an offering memorandum (the "offering"), for the offer of a series of unsecured bonds (collectively the "Bonds"), with up to an aggregate maximum of 100,000 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$100,000,000, with no minimum offering. Each Bond pays fixed simple interest rate per annum as follows: series A and B - 7%; series C and D - 8%; and, series E and F - 9%. Each Bond's interest rate payments will be made monthly, no later than the last day of each month during the term of the Bond. Bondholders may elect to receive instead annual interest payments, with interest compounded monthly. Subject to early redemption by the Corporation, the Bonds shall mature as follows: series A and B - on the first anniversary date of the issuance of the bonds; series C and D - on the third anniversary date of the issuance of the bonds; and, series E and F - on the fifth anniversary date of the issuance of the bonds. Series A, C and E will offered under direct subscription and series B, D and F will offered to deferred plan subscribers (any one of, or collectively, a Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan and Tax-Free Savings Account, all as defined under the Income Tax Act).

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 8.5% of the gross proceeds realized on the sale of Bonds under this offering. If agents are retained, the Corporation will pay aggregate fees and commissions of up to 8.5% of the gross proceeds realized on the Bonds sold by such agent. The Corporation may also pay a combination of up-front sales commissions and trailer fees, representing an equivalent deduction from capital.

Closing of the offering is set to take place periodically at the Corporation's discretion.

Management and expenses agreement

On August 30, 2013, the Corporation entered into an agreement with InvestCare Capital Corporation ("InvestCare"), whereby InvestCare will perform management and administrative services for the Corporation. In addition, InvestCare will pay, except for payments to dealers and fees to regulators, the operating expenses of the Corporation. The Corporation will pay InvestCare, on a monthly basis, a sum equivalent to 1.2% of the average value of the assets under management. Payment to InvestCare for its services shall rank subordinate to the Corporation's payment to its bondholders, JPIM, and CommonWealth.

SecureCare Capital Inc.
Notes to the Interim Financial Statements (unaudited)
For the three and nine month periods ended September 30, 2013

Administration services agreement

On August 15, 2013, the Corporation entered into an agreement with Commonwealth Fund Services Ltd. ("CommonWealth"), whereby Commonwealth will perform administrative services for the Corporation. The Corporation will pay Commonwealth the greater of: \$2,500 per month; or, 0.10% annually of the value of the net assets of the Corporation. In addition, the Corporation may engage Commonwealth to perform certain compliance and support services on a fee for service basis.

Service agreement

On October 1, 2013, the Corporation entered into an agreement with J. Priest Investment Management Inc. ("JPIM"), whereby JPIM will act as portfolio manager, investment fund manager an exempt market dealer on behalf of the Corporation. The Corporation will pay JPIM a sum equivalent to .10% of the average value of the Bonds under management.

Agreement of appointment

On October 25, 2013, the Corporation entered into an agreement of appointment with TFS Management, Inc. ("TFS MI") and SecureCare Investments Inc. ("SCI"), whereby the Corporation and SCI agrees to appoint TFS MI as collateral manager with responsibilities that include managing the acquisition and disposal of the Credit Receivables acquired by the Corporation from SCI. The terms of the agreement are as follows: TFS MI agrees to accept all funds raised under the offering; the Corporation shall provide the funds no later than December 31, 2013; and, the Corporation shall provide a guaranteed return of 14% per annum payable monthly in arrears of the outstanding balance of the funds with the payments to be made on or before the last business day of each month. The agreement shall continue in force and effect until the final redemption by the Corporation of the Bonds. The agreement can be terminated without cause by providing 90 days written notice by the Corporation.

Sale of common shares

Subsequent to the year ended December 31, 2012, the 5 Class B shares were sold at \$5,000 per share to InvestCare Capital Corporation for total gross proceeds of \$25,000.

General security agreement

On October 11, 2013, registered on October 25, 2013, TFS RT executed a general security agreement in favour of the Corporation granting and guaranteeing all rights to the Credit Receivables assigned to the Corporation and held to its benefits as a beneficiary by TFS RT.

SecureCare Capital Inc.
Financial Statements
December 31, 2012 and 2011



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Independent Auditors' Report

To the Shareholders of
SecureCare Capital Inc.

We have audited the accompanying financial statements of SecureCare Capital Inc., which comprise the statement of financial position as at December 31, 2012 and 2011, and the statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SecureCare Capital Inc. as at December 31, 2012 and 2011, and its financial performance, changes in equity and cash flows for the years ended December 31, 2012 and 2011, in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 9 of the financial statements which outlines the offering that SecureCare Capital Inc. is undertaking subsequent to period end which, if unsuccessful, could have a material effect on the entity's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Rice & Company L.L.P.

CHARTERED ACCOUNTANTS

Calgary, Canada
November 21, 2013

SecureCare Capital Inc.
(Incorporated under the laws of Alberta)
Statement of Financial Position
As at

| | | December 31, 2012 | December 31, 2011 |
|--|--------------|----------------------|----------------------|
| Assets | Notes | | |
| Current asset | | | |
| Cash | | \$ - | \$ 822 |
| Total assets | | <u>\$ -</u> | <u>\$ 822</u> |
| Equity | | | |
| Share capital | 7 | \$ 100,000 | \$ 100,000 |
| Deficit | | <u>(100,000)</u> | <u>(99,178)</u> |
| Total equity attributable to equity holders of the Corporation | | <u>-</u> | <u>822</u> |
| Total liabilities and equity | | <u>\$ -</u> | <u>\$ 822</u> |
| General business description | 1 | | |
| Subsequent events | 9 | | |

See accompanying notes to the financial statements.

These financial statements were approved by the Director's of the Corporation on November 21, 2013.

 (signed) "Peter Johannes" , Director

 (signed) "Ingrid Johannes" , Director

SecureCare Capital Inc.
Statement of Comprehensive Loss
For the Years Ended

| | | December 31, 2012 | December 31, 2011 |
|--|--------------|----------------------|----------------------|
| | Notes | | |
| Expenses | | | |
| General and administrative | 6 | \$ 817 | \$ - |
| Bank charges | | <u>5</u> | <u>60</u> |
| Total comprehensive loss for the period | | <u>\$ (822)</u> | <u>\$ (60)</u> |

See accompanying notes to the financial statements.

SecureCare Capital Inc.
Statement of Changes in Equity

| | Notes | Number of Shares | Share Capital Stated Value | Deficit | Total Equity |
|-------------------------------------|-------|---------------------|-------------------------------|---------------------|-----------------|
| Balance at January 1, 2012 | | 82,005 | \$ 100,000 | \$ (99,178) | \$ 822 |
| Loss for the period | | - | - | (822) | (822) |
| Balance at December 31, 2012 | | <u>82,005</u> | <u>\$ 100,000</u> | <u>\$ (100,000)</u> | <u>\$ -</u> |
| Balance at January 1, 2011 | | 82,005 | 100,000 | (99,118) | 882 |
| Loss for the period | | - | - | (60) | (60) |
| Balance at December 31, 2011 | | <u>82,005</u> | <u>\$ 100,000</u> | <u>\$ (99,178)</u> | <u>\$ 822</u> |

See accompanying notes to the financial statements.

SecureCare Capital Inc.
Statement of Cash Flows
For the Years Ended

| | December 31, 2012 | December 31, 2011 |
|---|----------------------|----------------------|
| Cash provided by (used in): | | |
| Cash flows from operating activities | | |
| Net income | \$ (822) | \$ (60) |
| Change in non-cash working capital | <u>-</u> | <u>-</u> |
| Net cash used in operating activities and change is cash | <u>(822)</u> | <u>(60)</u> |
| Cash, beginning of year | <u>822</u> | <u>882</u> |
| Cash, end of year | <u>\$ -</u> | <u>\$ 822</u> |

See accompanying notes to the financial statements.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

1. General business description

SecureCare Capital Inc. (the "Corporation") was incorporated pursuant to the Business Corporations Act (Alberta) on June 17, 2010. The objective of the Corporation is to raise funds pursuant to an offering (note 9) for the purposes of acquiring cash flow producing credit receivables ("Credit Receivables") beneficially held in trust by TFS RT, Inc. ("TFS RT"), an unrelated entity. The Corporation was incorporated as Edge Investments Inc. and changed its name to SecureCare Capital Inc. on August 9, 2013. The Corporation has elected to be a "public corporation" for the purposes of the Income Tax Act (Canada).

The proposed business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the amount of funds to finance its activities as disclosed in note 9.

The address of the Corporation is 1857 Parkside Drive, Pickering, Ontario.

2. Basis of presentation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issue by the Directors of the Corporation on November 21, 2013.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

The methods used to measure fair values are discussed in note 4.

2.3 Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is valuation of financial instruments (note 4).

There were no critical estimates and assumptions in determining the value of assets, liabilities and equity as at December 31, 2012 and 2011.

3. Significant accounting policies

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.1.1 *Financial assets*

Financial assets include any outstanding accounts receivable and cash and cash equivalents. Purchases and sale of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Corporation. Financial assets are derecognized when the rights to receive cash flows have expired or are transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of the initial recognition based on the purpose for which the financial assets were acquired:

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy. The Corporation has designated cash as held for trading.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Assets in this category include accounts receivable which are classified as current assets in the statement of financial position.

The Corporation did not have any accounts receivable at December 31, 2012 and 2011 and, as a result, has not designated any financial assets as loans and receivables as at December 31, 2012 and 2011.

Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They consist of investments in equity securities and certain other debt securities. They are included in other non-current financial assets unless management intends to dispose of the investments within 12 months of the balance sheet date. Available-for-sale financial assets are recorded in other comprehensive income until realized, at which time they are recorded through profit or loss. The Corporation has not designated any financial assets as available-for-sale.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassification of financial assets are limited to debt instruments. Reclassifications are accounted for at fair value of the financial asset at the date of reclassification.

3.1.2 *Financial liabilities*

Financial liabilities primarily consist of bank indebtedness (if any), and accounts payable and accrued liabilities (if any). Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged, and fair value for liabilities that are hedged. Non-performance risk, including the Corporation's own credit risk for financial liabilities, is considered when determining the fair value of financial liabilities.

3.1.3 *Equity instruments*

Common shares are classified as equity. Incremental costs directly attributable to the common shares are recognized as a deduction from equity, net of any tax effects.

3.1.4 *Impairment*

The Corporation addresses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit and loss, or a group of financial assets, is impaired. When an impairment has occurred, the cumulative loss is recognized in profit or loss.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Receivables that are assessed not to be impaired are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables may include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in the national or local economic conditions that may default on receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited through the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Any increase in fair value subsequent to an impairment loss with respect to available-for-sale equity instruments is recognized in other comprehensive income.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

3.2 Expense recognition

Expenses are accounted for on the accrual basis.

3.3 Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery flow through profit and loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry forward of non-capital losses, can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

3.4 Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.5 Related party transactions

All related party transactions must be disclosed in the financial statements which include the amount of the transactions, the amount of outstanding balances, including terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the period in respect of bad or doubtful debts from related parties.

3.6 Property, plant and equipment

Property, plant and equipment will be stated at cost less accumulated depreciation and recognized impairment loss. Amortization will be charged so as to write off the cost of assets, other than land or properties under construction, over the estimated useful lives, using the declining balance method, at rates to be determined.

Assets held under finance leases will be depreciated over the expected lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss on the disposal or retirement of an asset will be determined as a difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

3.7 Revenue recognition

Revenue will be recognized in the financial statements on an accrual basis.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

3.8 New accounting standards and interpretations

In addition to the foregoing accounting policies outlined, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2012 and which have not yet been adopted by the Corporation. These include:

- i. IFRS 7, Financial Instruments: Disclosures, effective for annual periods beginning on or after July 1, 2013.
- ii. IFRS 9, Financial Instruments, effective for annual periods beginning on or after January 1, 2015.
- iii. IFRS 10, Consolidation, effective for annual periods beginning on or after January 1, 2013.
- iv. IFRS 11, Joint Arrangements, effective for annual periods beginning on or after January 1, 2013.
- v. IFRS 12, Disclosure of Interests in Other Entities, effective for annual periods beginning on or after January 1, 2013.
- vi. IFRS 13, Fair Value Measurement, effective for annual periods beginning on or after January 1, 2013.

Management is currently assessing the new requirements, however, it is anticipated that the adoption of these new standards, interpretations and amendments are unlikely to have a significant impact on the Corporation's financial statements.

4. Determination of fair values

Certain of the Corporation's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of cash approximates its carrying values due to its short term to maturity.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.

5. Financial risk management

5.1 Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and,
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risks, and the Corporation's management of capital.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Directors have the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

5.2 Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

The maximum exposure to credit risk is as follows:

| | Carrying amount |
|------|--------------------------|
| | December 31, 2012 |
| Cash | \$ - |

| | Carrying amount |
|------|--------------------------|
| | December 31, 2011 |
| Cash | \$ 822 |

Cash consists of cash bank balances. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

5.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity will be impacted by various external events and conditions.

The Corporation did not have any financial liabilities at December 31, 2012 and 2011.

5.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Corporation does not currently have any interest bearing debt, the Corporation is not exposed to interest rate risk.

The Corporation had no interest rate swaps or financial contracts in place as at or during the period ended December 31, 2012 and 2011.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

5.5 Capital management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

The Corporation will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Corporation currently has no debt outstanding and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Corporation is not subject to externally imposed capital requirements.

6. Income tax expense

The Corporation has available estimated non-capital losses of \$822 which will expire in 2032 and for which a deferred tax asset has not been recognized in the financial statements.

7. Share capital

7.1 Authorized

As at December 31, 2012, the Corporation was authorized to issue the following:

Unlimited number of Class A non-voting common shares
(Class A common shares)

Unlimited number of Class B voting common shares
(Class B common shares)

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

7.2 Issued and outstanding

| | December 31, 2012 and 2011 | |
|-----------------------|----------------------------|-----------|
| | Number | Amount |
| Class A common shares | 82,000 | \$ 82,000 |
| Class B common shares | 5 | \$ 18,000 |

8. General and administrative

No personnel expenses were incurred during the period ended December 31, 2012.

9. Subsequent events

The Corporation has prepared an offering memorandum (the "offering"), for the offer of a series of unsecured bonds (collectively the "Bonds"), with up to an aggregate maximum of 100,000 Bonds at a price of \$1,000 per Bond for total gross proceeds of \$100,000,000, with no minimum offering. Each Bond pays fixed simple interest rate per annum as follows: series A and B - 7%; series C and D - 8%; and, series E and F - 9%. Each Bond's interest rate payments will be made monthly, no later than the last day of each month during the term of the Bond. Bondholders may elect to receive instead annual interest payments, with interest compounded monthly. Subject to early redemption by the Corporation, the Bonds shall mature as follows: series A and B - on the first anniversary date of the issuance of the bonds; series C and D - on the third anniversary date of the issuance of the bonds; and, series E and F - on the fifth anniversary date of the issuance of the bonds. Series A, C and E will offered under direct subscription and series B, D and F will offered to deferred plan subscribers (any one of, or collectively, a Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan and Tax-Free Savings Account, all as defined under the Income Tax Act).

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 8.5% of the gross proceeds realized on the sale of Bonds under this offering. If agents are retained, the Corporation will pay aggregate fees and commissions of up to 8.5% of the gross proceeds realized on the Bonds sold by such agent. The Corporation may also pay a combination of up-front sales commissions and trailer fees, representing an equivalent deduction from capital.

Closing of the offering is set to take place periodically at the Corporation's discretion.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Management and expenses agreement

On August 30, 2013, the Corporation entered into an agreement with InvestCare Capital Corporation ("InvestCare"), whereby InvestCare will perform management and administrative services for the Corporation. In addition, InvestCare will pay, except for payments to dealers and fees to regulators, the operating expenses of the Corporation. The Corporation will pay InvestCare, on a monthly basis, a sum equivalent to 1.2% of the average value of the assets under management. Payment to InvestCare for its services shall rank subordinate to the Corporation's payment to its bondholders, JPIM, and Commonwealth.

Administration services agreement

On August 15, 2013, the Corporation entered into an agreement with Commonwealth Fund Services Ltd. ("CommonWealth"), whereby Commonwealth will perform administrative services for the Corporation. The Corporation will pay Commonwealth the greater of: \$2,500 per month; or, 0.10% annually of the value of the net assets of the Corporation. In addition, the Corporation may engage Commonwealth to perform certain compliance and support services on a fee for service basis.

Service agreement

On October 1, 2013, the Corporation entered into an agreement with J. Priest Investment Management Inc. ("JPIM"), whereby JPIM will act as portfolio manager, investment fund manager an exempt market dealer on behalf of the Corporation. The Corporation will pay JPIM a sum equivalent to .10% of the average value of the Bonds under management.

Agreement of appointment

On October 25, 2013, the Corporation entered into an agreement of appointment with TFS Management, Inc. ("TFS MI") and SecureCare Investments Inc. ("SCI"), whereby the Corporation and SCI agrees to appoint TFS MI as collateral manager with responsibilities that include managing the acquisition and disposal of the Credit Receivables acquired by the Corporation from SCI. The terms of the agreement are as follows: TFS MI agrees to accept all funds raised under the offering; the Corporation shall provide the funds no later than December 31, 2013; and, the Corporation shall provide a guaranteed return of 14% per annum payable monthly in arrears of the outstanding balance of the funds with the payments to be made on or before the last business day of each month. The agreement shall continue in force and effect until the final redemption by the Corporation of the Bonds. The agreement can be terminated without cause by providing 90 days written notice by the Corporation.

SecureCare Capital Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Sale of common shares

Subsequent to the year ended December 31, 2012, the 5 Class B shares were sold at \$5,000 per share to InvestCare Capital Corporation for total gross proceeds of \$25,000.

General security agreement

On October 11, 2013, registered on October 25, 2013, TFS RT executed a general security agreement in favour of the Corporation granting and guaranteeing all rights to the Credit Receivables assigned to the Corporation and held to its benefits as a beneficiary by TFS RT.

ITEM 13 - DATE AND CERTIFICATE

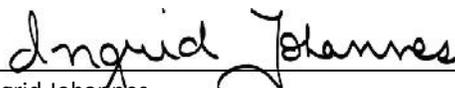
Dated: November 21, 2013

This Offering Memorandum does not contain a misrepresentation.

ON BEHALF OF THE BOARD OF DIRECTORS AND OFFICERS OF SECURECARE CAPITAL INC.



Peter Johannes
Director and President

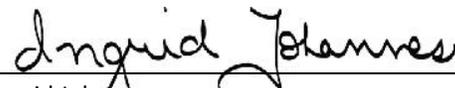


Ingrid Johannes
Director, Secretary and Treasurer

ON BEHALF OF THE PROMOTERS OF SECURECARE CAPITAL INC.



Peter Johannes
Director and President



Ingrid Johannes
Director, Secretary and Treasurer

TAB F

Fundamental Research Corp.

Investment Analysis for Intelligent Investors

SecureCare Capital Inc. – Bond Investment in Factoring Business

Sector/Industry: Alternative Investments

www.securecare.ca

Summary of Offering

| | |
|----------------------------|---|
| Issuer | SecureCare Capital Inc. |
| Maximum Offering | \$100 million |
| Securities Offered | * 1 year @ 7.0% p.a. * 3 year @ 8.0% p.a. * 5 year @ 9.0% p.a. |
| Minimum Subscription | \$10,000 (10 bonds) |
| Distributions | Interest paid monthly (can be compounded monthly, paid annually) |
| Management Fees | 1.2% p.a. (paid monthly) of assets under management paid after interest on bonds and other third-party fees |
| Sales fee | * 1 year - 3.0% * 3 year - 5.75% * 5 year - 8.5% |
| Auditor | Collins Barrow Toronto LLP |
| Fund Manager | J. Priest Investment Management |
| Fund Administrator | CommonWealth Fund Services |
| Asset Originator/Custodian | TFS Management Inc. and TFS RT, Inc. |
| Registered Plans | Eligible for RRSP, RRIF, TFSA, |

- Based on the offering memorandum dated July 25, 2014.
- Capital raised to date: \$39 million

| | |
|-----------------------|--------------|
| FRC Rating | |
| Expected Annual Yield | 7% - 9% p.a. |
| Rating | 3+ |
| Risk | 3 |

*see back of report for rating definitions

Investment Highlights

- SecureCare Capital Inc. ("company", "SCI") is in the business of investing in accounts receivables originated and serviced by the Canadian factoring company, Trade Finance Solutions ("TFS").
- SCI is currently issuing unsecured bonds with one, three, and five year terms. Investors do not have an early redemption option; however, the company can prepay the bonds at any time.
- SCI's manager is InvestCare Capital Corporation. SCI is the second company formed and managed by InvestCare's management. The first company, SecureCare Investments Inc. ("SII"), which has the same business model as SCI, was formed in October 2010. SCI and SII have \$78 million in assets under management combined.
- Canada has approximately 57 factoring companies. TFS, formed in 2006, currently manages a portfolio of approximately \$140 million. The capital provided by SCI and SII has helped TFS to significantly grow their business in the last two - three years.
- TFS has a relatively shorter track record than other Canadian factoring companies. TFS's key strengths include their strategy to focus on receivables from multinational companies (growth potential), insure almost all of the receivables they purchase, and their ability to expand internationally, and across a wide range of industries.

Risks

- Fixed rate bonds, with longer terms, are exposed to interest rate risks.
- TFS's ability to consistently deploy capital at attractive yields is critical.
- As with most investments, there is no guarantee that SCI will be able to return principal and meet interest payments.
- International factoring deals tend to have higher risk profile than domestic transactions.
- Prepayment risks exist as the company can prepay the bonds at any time prior to maturity.
- Key person risks exist as Peter and Ingrid Johannes own 100% of the voting shares of SCI.
- We were not provided with TFS' financial statements to confirm their historic performance. SII does not have audited FY2013 and FY2014 statements.

Overview

SecureCare Capital Inc., based out of Pickering, Ontario, is issuing unsecured bonds to invest in accounts receivables originated and serviced by TFS. In order to make the bonds eligible for registered plans, management used a shell company (named Edge Investments Inc. and incorporated in 2010) as a vehicle to go into business. The name of the shell company was changed to SecureCare Capital Inc. in August 2013. SCI commenced operations in December 2013.

The founders of SecureCare Capital are Peter Johannes and Ingrid Johannes (spouses). This is the second company/fund formed and managed by them. The first company, SecureCare Investments Inc. (“SII”), which has the same business model as SCI, was incorporated in October 2010. SII started raising capital, by issuing unsecured bonds, in November 2011, and by October 2013, raised the maximum amount of \$50 million as set by its offering memorandum. SCI started issuing bonds in December 2013, and to date, has raised approximately \$39 million. SII and SCI combined, currently manage approximately \$78 million of capital, from over 2,400 bondholders. Management has adopted a more cost-effective structure for SCI. Therefore, they intend to gradually move SII investments into SCI (as SII bonds mature), and wind down SII over the next 5 years.

Management Background

Peter Johannes has been involved in the mortgage / asset based lending business since 1980s. In 2010, he decided to get into the business of investing in accounts receivables, and formed SII. **Encouraged by SII’s ability to attract significant amounts of capital in such a short time frame, he and Ingrid Johannes formed their second fund, SCI, in 2013.** In October 2013, they hired a third-party firm, J. Priest Investment Management Inc. (“JPIM”), as the registered Portfolio Manager and Investment Fund Manager. Jason Priest, who is the owner and sole employee of JPIM, acts as an independent portfolio manager of both SCI and SII. Management also engaged Commonwealth Fund Services Ltd. for record keeping, fiduciary and accounting support.

InvestCare Capital Corporation (“InvestCare”), which owns all of the voting common shares of the company, is responsible for the day to day operations. Peter and Ingrid Johannes are the sole shareholders of InvestCare.

InvestCare has four full-time employees. Brief biographies of the key members of this offering, as provided by the company, follow:

Peter Johannes, B.Sc., AMP – President

Peter has 25 years of experience in real estate, mortgage and investment finance. He has previously held registrations as an exempt market dealer, dealing representative, real estate and mortgage broker. Mr. Johannes recently created and operated SecureCare Investments Inc. (SCI), an exempt market bond offering, successfully selling and administering approximately \$50 million of securities. He was instrumental in the creation and successful operation of Northwood Mortgage Investment Corporation and has worked as a senior executive and president of companies specializing in the structuring and sales of exempt market investment products, within a venture capital and hedge fund group. Peter holds a B.Sc. (Hons) degree, from the University of Toronto and has received extensive education in investment, finance and compliance, including completing The Investment Funds Institute of

Canada course of study for the Officers' Partners' and Directors' course and the Exempt Market Products exams.

Ingrid Johannes – Managing Director

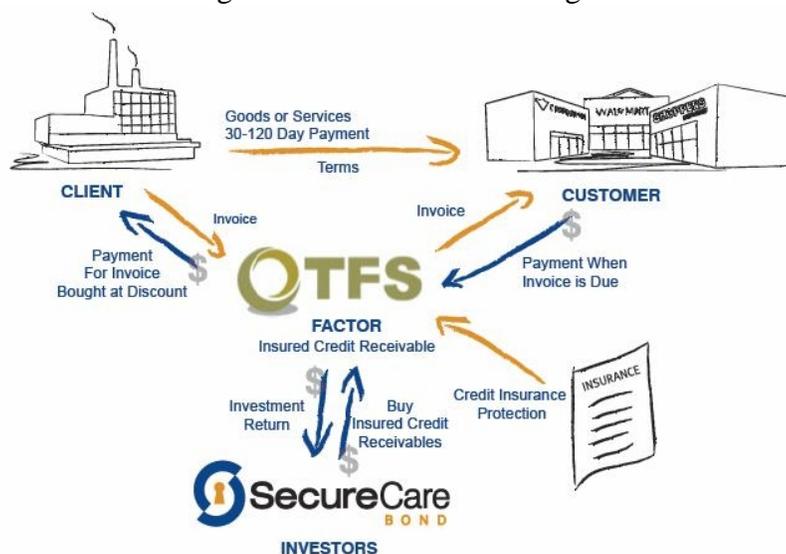
Ingrid has 26 years of service and administration experience. She serves as the chief administrator for SCI and the Corporation. Since November 2012, Ingrid has supervised the systems and administration of both funds, managing growth to approximately \$72 million of assets and over 2,400 individual investors. Ingrid was also a mortgage underwriting officer with two mortgage origination companies and, over seventeen years, has held senior roles as a manager and administrator of mid-sized health care centers.

Jason Priest, BA, CFA, FRM, CIM, DMS, CFP – Fund Manager

Jason has owned and managed J. Priest Investment Management Inc., a boutique portfolio management firm in Toronto, since 2009. A graduate of Acadia University, Jason began his career as a Financial Planner with one of Canada's largest insurance companies and quickly became a specialist in investments and financial markets. He earned his Canadian Investment Manager (CIM) and Certified Financial Planner (CFP) designations in 2001, Derivatives Market Specialist (DMS) in 2003, became a Chartered Financial Analyst (CFA) in 2004 and obtained a Financial Risk manager (FRM) designation in 2005. Mr. Priest is a member of the CFA Institute and the Global Association of Risk Professionals (GARP) and has extensive analytical and risk assessment experience, particularly for fixed income investments. He serves as the Ultimate Designated Person and Chief Compliance Officer for J. Priest Investment Management Inc., the registered Portfolio Manager for the Corporation.

Receivables Factoring

In a typical factoring transaction, a factor purchases a company's (vendor) accounts receivables at a discount. The factor then holds the acquired invoice, and collects the receivable from the vendor's customer (debtor / payor) when due. The age of accounts receivables typically range between 30 and 180 days depending on the industry, and the type of service/product. The following chart illustrates a factoring transaction.



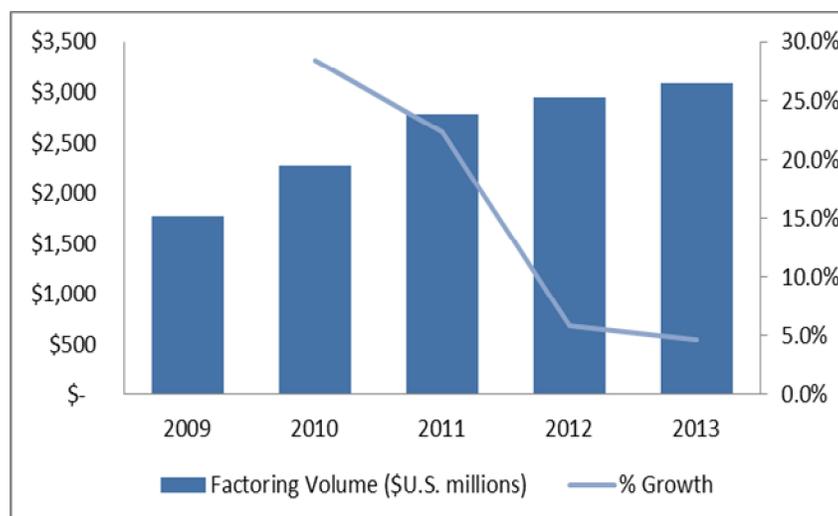
Source: Company

Once the customer (debtor) pays the factor, the factor retains a fee and their original cost to purchase the invoice, and pays the balance amount to the vendor. The factor's fees typically range between 1% and 3% of the amount receivable for every 30 days. The fees vary based on the volume, size of the invoice, and the credit quality of the customer (debtor). **If capital is deployed at all times in a year, a factoring company can generate a gross return of up to 36% p.a. on their capital (assuming an average rate of 3% per month).**

Companies that use factoring are generally small and medium size companies that require cash immediately, and do not have access to lines of credit or traditional forms of financing. They tend to consider factoring as a line of credit, and use it on an ongoing basis (by factoring most or all of their receivables) to fund their critical requirements such as payroll expenses, raw material purchases etc. **As the credit quality of a customer (debtor) is vital in a factoring transaction, smaller companies with large customers usually attain factoring relatively easily and at lower fees.**

There are two main types of factoring – *recourse and non-recourse*. In the case of recourse factoring, a vendor will be liable to pay the factor if the customer (debtor) defaults on its payment. In the case of non-recourse factoring, the vendor has no liability in the event of a default, and the factor takes on all the risk, except in events of fraud and/or trade dispute. In those events, the liability falls back to the vendor. According to TFS, **90% of TFS's factoring transactions are recourse factoring.** Most of the factoring companies in the U.S. and Canada are recourse factors.

The worldwide factoring market is estimated at approximately US\$3 trillion per year (Source: Factors Chain International / "FCI"). The following chart shows the volume and growth of the industry since 2009. The global factoring industry grew at a rate of **14.8% p.a. CAGR** (compounded annual growth rate) from 2009 to 2013.



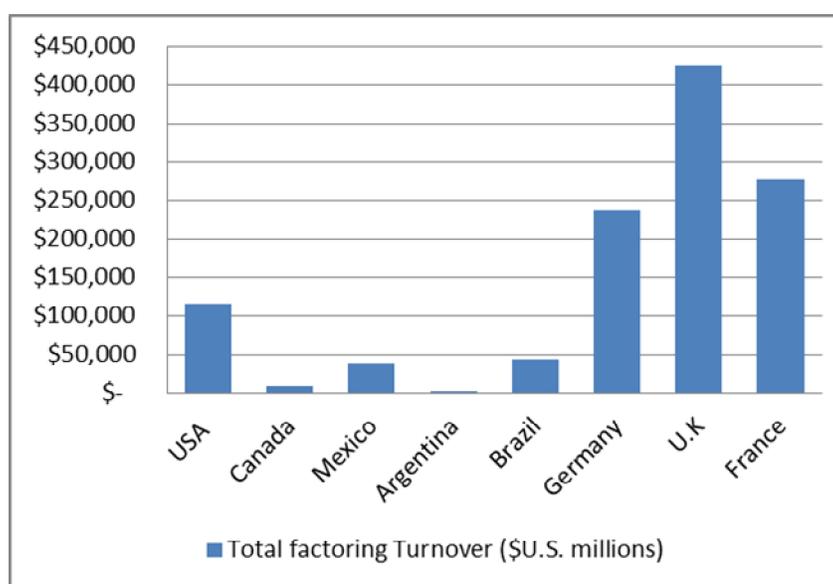
EUR was converted to USD at 1.38

As a constant conversion rate was used, the figures presented in the table are approximations.

Source: Factors Chain International / FRC

In 2013, the U.S. and Canadian factoring markets were estimated at US\$115.6 billion, and \$7.8 billion, respectively (Source: FCI). **Factoring is much more popular in Europe, which accounts for approximately 60% of the global factoring volume.** Asia is second with 27% of the volume. The Americas account for approximately 9%. One of the main reasons why factoring is more widely adopted in Europe, we believe, is that banks in Europe are more active in factoring compared to their counterparts in the U.S./Canada. **For example, among the six major banks in Canada, only National Bank of Canada (TSX: NA) has a significant presence in the factoring industry.**

The following chart shows the factoring volume in 2013 in various countries. As shown, the markets in North and South American countries are much smaller than their counterparts in Europe.

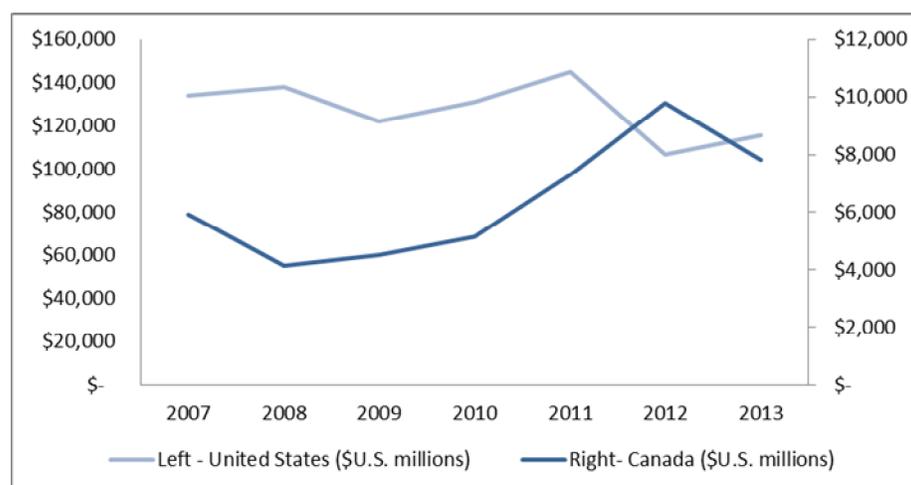


EUR was converted to USD at 1.38

As a constant conversion rate was used, the figures presented in the table are approximations.

Source: Factors Chain International / FRC

Canada has approximately 57 factoring companies (Source: FCI). The factoring market in Canada grew every year from 2008 to 2012, but dropped in 2013. The CAGR over this period was 4.87%. The U.S. is estimated to have approximately 110 factoring companies, and has experienced relatively stable volume from 2007 to 2013; see chart below.



EUR was converted to USD at 1.38

As a constant conversion rate was used, the figures presented in the table are approximations.

Source: Factors Chain International / FRC

Overview of TFS

In early 2011, SII entered into an agreement with TFS to buy a portion of the receivables originated and serviced by TFS. TFS, established in 2006, is a private Canadian company, with offices in Toronto and Miami. TFS offers its clients factoring, purchase order financing, loans against accounts receivable, assistance in obtaining letters of credit, and auto loan financing. **As per the agreement between TFS and SII/SCI, the funds provided by SII/SCI will primarily be used for factoring. Purchase order financing can form a small portion of the portfolio.** In a typical purchase order financing transaction, a company lends capital to a seller of a product / service, to manufacture / complete the product / service, based on a purchase order received from a buyer. Purchase order financing can involve funding finished products or funding unfinished (work in progress) products. TFS only finances finished products' transactions as they are less risky.

TFS typically purchases invoices by initially advancing 80% - 90% of the face value of the receivable amount. The age of receivables tends to range between 30 – 180 days. Once the receivable is collected, TFS retains the amount they paid to purchase the invoice, and their fee of 2.0% to 3% (per 30 days), and returns the remaining amount to the vendor. **Therefore, in a typical transaction, assuming a 3% fee, and a 30 day receivable, the vendor receives 97%, and TFS collects the remaining 3%.**

One of the vital parameters of factoring is the credibility and the credit quality of the debtor. In order to mitigate default risk, TFS tries to purchase invoices from multinational companies, and/or credit worthy firms as the debtor. **Companies such as AT&T, Inc. (NYSE: T), Shoppers Drug Mart (TSX: L), Bell Canada (TSX: BCE), Amazon.com (NASDAQ: AMZN), Walgreens (NYSE: WAG), Lowe's (NYSE: LOW), the U.S. Department of Defense have been few of TFS's debtors.**

TFS tries to mitigate sector risk by providing factoring to a wide range of industries. The following examples of TFS's factoring transactions show the wide range of industries that

TFS exposes themselves to:

- \$800k of hockey sticks sold to XXX
- sale of freezers to XXX
- sales of a 3-D mobile x-ray machine bought by XXX
- staffing services provided to XXX
- telecom infrastructure build out service provided for XXX
- shipments of Halal beef to XXX in Saudi Arabia
- oil drilling supplies to a national oil company in Latin America

Source: TFS

(Note: the name of the debtors have been substituted with 'XXX's to maintain confidentiality)

As can be seen from the examples above, TFS also has a strong presence outside US/Canada, which differentiates them from most of the other Canadian factoring companies. TFS did not disclose to us the amount the receivables they originated in 2013. However, they did disclose that of the total originations in 2013, the U.S. accounted for 54%, and the remaining came from Canada (11%), Latin America (29%), Asia (1%), Europe (1%), and the Middle East (4%). As international transactions tend to carry a higher risk profile, TFS charges a higher fee for international deals (typically 0.5% per month more than domestic deals).

Countries where TFS does business



Source: TFS

For TFS's factoring transactions outside the US / Canada, typically, either the vendor or the debtor is located in the US / Canada. TFS does not have a physical office location outside the US / Canada, and therefore, most of their business development is done through their Miami office.

In addition to their international presence, it is TFS's policy to insure most of its receivables that led SecureCare to choose TFS as its exclusive asset originator.

Insurance, Letter of Credit / Guarantee – As mentioned earlier, TFS mainly funds recourse factoring transactions. If a debtor defaults on a payment, TFS can revert back to the vendor and claim the amount. To protect against a vendor’s inability to pay in such an event, TFS purchases credit insurance on the receivables it holds. The insurance protects TFS against: insolvency/bankruptcy of the payor, political risk, business closure, natural disasters, etc. TFS currently uses Lloyd’s of London approved insurers. The insurance also provides an additional level of due diligence for TFS as the insurance underwriters perform their own due diligence on a payor before approval.

In certain cases, instead of using insurance, TFS mitigates default risk by demanding a letter of credit / guarantee, guaranteeing payment of the receivable.

As we were not provided with TFS’s financial statements, we have not been able to verify TFS’s historic loss rate, and/or the number of times they have made insurance claims in the past. SecureCare management indicated to us that they have verified that TFS has only experienced three defaults since inception. The first two of these were during 2006 - 2008, and totaled US\$195,000, reflecting a default rate of 0.02% (0.0027% p.a.) on approximately US\$918 million in receivables volume since inception to the end of 2013. Both of these were paid by the insurers. The third default was in May 2014. It is currently being contested in court.

We have reviewed the insurance policy signed between TFS and the insurer, which insures TFS for up to \$20 million in losses on a total volume of \$200 million from June 2014 to May 2015. The deductible and the premium are extremely low compared to the amount covered by the insurance. These amounts are not disclosed in this report to maintain confidentiality for TFS.

Credit insurance does not compensate for fraud and trade disputes between the vendor and the payor. In order to protect against such events TFS:

- ensures the legitimacy of the receivables, and that it represents a genuine payment obligation;
- ensures that the receivables are clear of all liens, and that the receivables can be legally assigned to TFS;
- requires that the payor sign a confirmation of acceptance of the goods or services, and an irrevocable agreement to pay the invoice directly to TFS.

TFS’ other risk mitigation strategies include:

- Individual transactions do not generally exceed 15% of the total portfolio.
- Most transactions have a value of less than \$4.50 million.

Portfolio Statistics: TFS currently manages a portfolio of approximately \$140 million. Their AUM (assets under management) was less than \$20 million until 2011.

The following are selected unaudited information on TFS Management Inc. (“TFS MI”).

TFS MI is responsible for the acquisition and management of the receivables held by SII and SCI. The assets managed by TFS MI generated revenues of US\$39 million (US\$2.5 million in 2012) in 2013, of which, US\$13 million (US\$0.9 million in 2012) came from financing (including factoring), and US\$26 million (US\$1.6 million in 2012) came from purchase order financing.

| (US Dollars in Millions) | Full Year 2013 | Full Year 2012 |
|--|-------------------|-------------------|
| Managed Assets Revenue | | |
| PO Financing/Product | \$ 25.8 | \$ 1.6 |
| Financing (including Factoring) Interest | <u>13.3</u> | <u>0.9</u> |
| Total Revenue | \$ 39.1 | \$ 2.5 |
| Managed Assets Margin | | |
| PO Financing/Product | <u>10%</u> | <u>7%</u> |
| Interest (Annualized) | <u>32%</u> | <u>30%</u> |
| Assets Representing Trade Receivables | \$ 90.6 | \$ 29.1 |

Source: Offering Memorandum

The above table indicates a 32% margin on the factoring business in 2013. **Their total revenues of US\$39.1 million from assets under management of US\$90.6 million, implies a return on capital (ROC) of 43% in 2013.** This is much higher than the industry average returns generated by factoring companies. For example, one of the leading factors in Canada, Accord Financial, typically generates 17% - 18% p.a. of the assets under management. The reason for the higher ROC is that **TFS management indicated that for a few of their purchase order financing transactions, which involve the purchase and resale of finished goods, they report the resale price as revenues, which make revenues as a percentage of assets under management high. Note that we have not confirmed the above as TFS did not provide us their financial statements.**

At the end of 2013, TFS MI managed US\$90.6 million in receivables, representing 40 clients and 155 payors. According to TFS, the average transaction size was US\$1.46 million per client, and US\$345k per payor, in 2013. US and Canadian receivables accounted for 63% of the total portfolio.

| Additional information Related to Managed Assets: | Clients | Payors |
|---|---------|---------|
| Number | 40 | 155 |
| Average Loans Outstanding (US\$1,000,000) | \$1.458 | \$0.345 |
| Canadian | 11% | 11% |
| United States | 52% | 51% |
| Foreign | 37% | 38% |

Source: Offering Memorandum

Since inception to 2011, TFS has funded its business through the sale of debentures to institutional investors and high net worth investors. SII and SCI have been two of TFS's primary financiers since 2012. The following table shows a summary of TFS's current lenders.

| | Amount | Rate (p.a.) |
|-------------------------------------|---------------|-------------|
| SCI & SII | \$78M | 14% |
| Invico Capital Corporation | n/a | n/a |
| TFS management & original investors | n/a | n/a |
| Institutions | n/a | n/a |
| Total | \$140M | |

*Invico Capital, based in Calgary, Alberta, is an alternative investment fund management firm.

* "n/a" implies data not provided by TFS

TFS Ownership

TFS ran as a private entity until 2009, when it was acquired by a US OTC listed public company, ONE Bio Corp. The acquisition was a related party transaction as both companies had common significant shareholders. ONE Bio, headquartered in Florida, used to produce herbal extracts, natural supplements and organic products with a focus on Asia Pacific and the US. ONE Bio's objective was to use TFS as their internal financing business unit. One Bio had generated US\$52 million in revenues, and US\$9 million in 2010. The financing arm (TFS) generated US\$11 million in revenues, with gross profit of \$1.97 million, or 18% of revenues.

ONE Bio decided to voluntarily deregister its shares from the OTC market in early 2012. TFS was subsequently spun out in 2012, and sold to its management team. Global Funds Holdings Corp. is the current owner of TFS. TFS stated to us that their management team hold most of Global Funds' equity. Further details regarding the ownership of TFS were not provided. **Global Funds have given Peter Johannes the right to acquire 15% of the shares.**

TFS has approximately 39 employees; 29 work out of the Miami office, and 10 from the Toronto office. Their team includes 6 underwriters, 9 business development staff, and 4 collectors. Brief biographies of TFS's senior management members follow:

J. Stephen McDonald – President

Steve is President of both TFS Management and TFS RT. Steve joined the organizations in 2006 and has been active in the factoring industry for the last six years. Prior to working with TFS Management and TFS RT, Steve had 25 years of sales and executive management experience and served as a senior manager for one of the largest telecom infrastructure providers in North America. Since joining TFS Management and TFS RT, Steve has facilitated well over 1,000 credit receivables transactions, involving businesses in 15 different countries, representing over \$100 million of goods and services.

Marius Silvasan, MBA - CEO & Credit Committee Chair

- Managing Partner and CEO since 2012
- Completed over 15 business acquisitions internationally
- Leader / Senior Executive with 20 years experience in business development, marketing, sales and finance

- CEO and Director, One Bio Corporation (2009-2012)
- Founder, TelePlus World Corporation (1998)

Cris M. Neely, MBA – Chief Financial Officer

- Prior to joining TFS, CFO for ONE Bio, Corp. and Teleplus World Corp.
- Siemens Enterprise Networks. CFO from 1999 – 2005;
- Held various other executive positions with Siemens Enterprise Networks including Senior Vice President Business Transformation, Director Internal Audit, Director of Finance
- Held management positions with ROLM, IBM and Cisco during his career
- Bachelor of Business Administration, Finance degree from the University of Texas at Arlington and an MBA from Amberton University

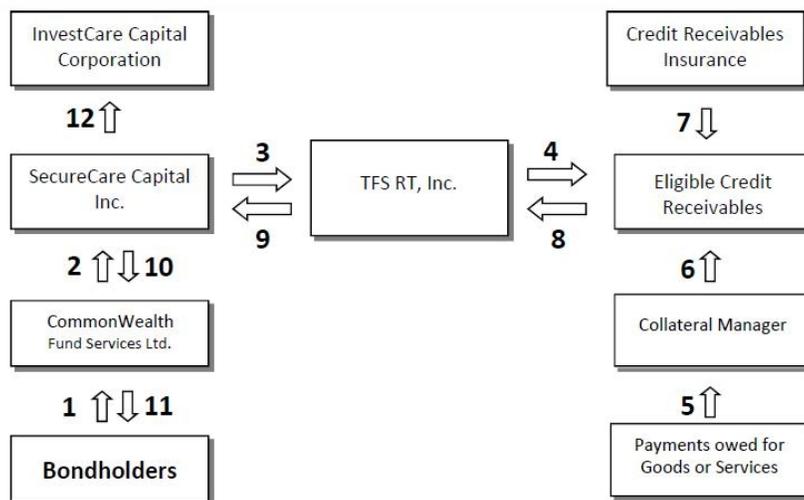
Stan Spencer CPA; CA; Hon.BA; B.Comm - Director of Operations

- Articled with Coopers and Lybrand (now PWC) and received C.A designation in 1976; CPA designation in 2012
- 1979 -2007 Partner Mintz & Partners (headed small business division) until merger with Deloitte; partner at Deloitte from 2008-2012 (retired)
- Treasurer and on the Board of Directors for Endowment Fund at Baycrest Centre, Parkinson Society Canada and other charities at various times.

Sandra D. Simmons, Hon. BA (Accounting), CGA – Vice President of Finance

With an honours degree in accounting and a Certified General Accountant designation, Sandra has handled the accounting and administrative needs of both private and public companies. She has been responsible for the financial operations of TFS Management and TFS RT for the last 5 years. Prior to that, Sandra held the positions of Director of Accounting for InterTAN in Canada and Manager of Accounting for Entertainment Partners Canada.

The following chart shows the operating structure:



Source: OM (see OM for notes)

All the receivables are held in a trust named TFS RT Inc (“trust”). It is a wholly owned subsidiary of Global Funds Holding Corp. **SCI and SII are two of the six beneficiaries of the trust.** The receivables held by the beneficiaries are held in segregated accounts within the trust. The trust has issued a General Security Agreement in favour of its beneficiaries, granting their respective interest in the assets held by the trust.

As mentioned earlier, TFS MI is responsible for the acquisition and management of the receivables held by the trust. TFS MI (“Collateral Manager”) is a wholly owned subsidiary of Global Funds Holding Corp. SCI has an agreement with TFS MI, wherein TFS MI has to accept all funds raised by SCI to a maximum of \$100 million.

TFS MI has to pay 14% p.a. interest (paid monthly) to the two funds. SCI and SII do not share in any returns above 14% p.a. Even if funds are undeployed in the trust, TFS MI is required to make the 14% p.a. monthly payments to the funds. TFS MI will be considered in default if it misses one monthly payment. **If in default, SCI and SII have the right to take over their share of the assets (receivables) held by the trust.** To date, TFS MI has not defaulted on any its interest payments to SCI and SII.

The following table shows the six beneficiaries and their details:

| Beneficiaries | Size | Rate (p.a.) | Investor |
|-----------------------------------|-------|-------------|--|
| SecureCare Investments Inc. (SII) | \$39M | 14% | Exempt market investors |
| SecureCare Capital Inc. (SCI) | \$39M | 14% | Exempt market investors |
| TFS Canada Bond Series I, Inc. | n/a | n/a | Friends/Family/Original Investors/Management |
| TFS Canada Bond Series II, Inc. | n/a | n/a | Friends/Family/Original Investors/Management |
| Trade Finance Solutions Inc. | n/a | n/a | Invico Capital Corporation & Others |
| Champion Diversified Bond Inc. | n/a | n/a | Friends/Family/Original Investors/Management |

TFS RT is not limited in the number of beneficiaries it can serve. **Although SCI and SII cannot pick and choose the receivables they want in their portfolios, they retain the right to refuse any receivables assigned to them. This decision is made by Jason Priest.**

SCI has the following agreements in place with InvestCare and third-party firms.

Management Agreement - As mentioned earlier, InvestCare Capital is responsible for the day to day operations of the company. InvestCare receives 1.2% p.a. (paid monthly) of the assets under management.

Administration Services Agreement with Commonwealth - Commonwealth Fund Services Ltd. acts as a fiduciary and handles the monthly interest payments to bondholders. They are paid the greater of \$2,500 per month or 0.10% p.a. (paid monthly) of the assets of under management. Commonwealth, founded in 2007, is a subsidiary of the Caledon Trust Company. Commonwealth has \$2+ billion of assets under administration.

Service Agreement with J. Priest Investment Management Inc. – JPIM, run by Jason Priest, acts as the portfolio manager and investment fund manager. JPIM is paid 0.10% p.a. (paid monthly) of the value of bonds under management. JPIM charges a lower fee of 0.06% p.a. to SII.

Payment to InvestCare will be made only after payment to its bondholders, and the fees to JPIM and CommonWealth. The following shows how SCI's revenues (14% p.a. from TFS RT) are distributed:

- a) interest payments to bondholders
- b) repay bondholder accounts for capital used to pay offering costs, sales fees and commissions
- c) pay JPIM fees
- d) pay CommonWealth fees
- e) pay any expenses of TFS RT that are apportioned to the company
- f) pay management fees to InvestCare

As of June 30, 2014, SCI had funded \$28.23 million to TFS RT, of which, the trust had deployed approximately \$19 million to purchase receivables. The company acquired 177 receivables owed by 35 payors, averaging \$110,900 per receivable. The receivables are spread across 24 clients.

The tables below detail the geographic and industrial sector exposure of the 177 receivables:

| Geographic Exposure (dollars) | |
|-------------------------------|--------------------------|
| Country | Proportion of Asset Pool |
| Canada | 3.3% |
| United States | 45.2% |
| Mexico | 14.2% |
| South America | 34.9% |
| Middle East | 2.4% |
| Europe | 0.0% |
| Asia (excluding China) | 0.0% |
| China | 0.0% |

| Exposure by Industry Sector (dollars) | |
|---------------------------------------|--------------------------|
| GICS* Industry Sector | Proportion of Asset Pool |
| Consumer Discretionary | 32.8% |
| Consumer Staples | 6.1% |
| Energy | 14.2% |
| Financial | 4.9% |
| Health Care | 10.3% |
| Industrial | 8.6% |
| Info Tech | 20.8% |
| Telecom | 2.3% |

* Standard & Poor's Global Industry Classification Standard

Source: OM

As of June 30, 2014, the largest payors include AT&T, JP Morgan Chase, Walgreens, Pemex, Dick's Sporting Goods and the Government of Brazil.

The following table shows the number of receivables by age. The weighted average age of the 177 receivables was 44 days.

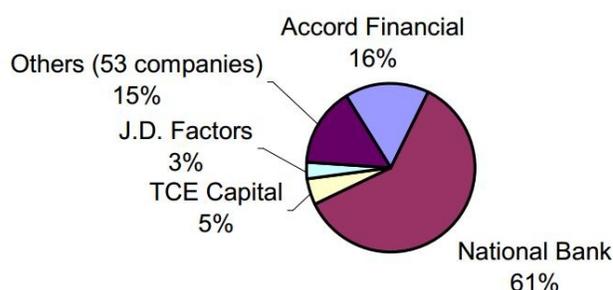
SecureCare Capital Inc. Eligible Credit Receivables Pool as of June 30th, 2014

| Eligible Credit Receivable Time Outstanding | Number of Receivables | Percent of Pool Value |
|---|-----------------------|-----------------------|
| Less than 30 days | 96 | 54.2% |
| 30 to 59 days | 51 | 28.8% |
| 60 to 89 days | 13 | 7.3% |
| 90 to 119 days | 11 | 6.2% |
| 120 days + | 6 | 3.5% |

Source: OM

As mentioned earlier, there are about 57 factoring companies in Canada at this time, which originated \$7.8 billion in receivables in 2013. **National Bank of Canada is the market leader with a 61% market share.** TSX listed Accord Financial is the second largest player with a 16% market share. TCE Capital is third with a 5% share. J.D. Factors, Liquid Financial, and Bibby Financial Services, are other key players.

Market Share(2012)



Source: Accord

Excluding National Bank, the remaining 56 factors originated \$3 billion, or \$55M each per year. As the bigger players such as Accord, TCE Capital, etc. have significantly higher volumes than what the average suggests, we believe a significant number of companies in the space are very small with volumes well below \$55M. **TFS's strong growth in the past two years, we believe, makes them one of the larger players in Canada at this time.**

In the next section, we present few of the key performance figures of Accord Financial for readers to attain a good understanding on some of the important features of the industry.

Accord Financial (TSX: ACD – market capitalization of \$76M), formed in 1978, had \$1.86 billion in factoring volume in 2013. They had approximately \$196 million receivables/loans outstanding, which implies that they were able to turn around their capital 9-10 times in the year. The following table shows their factoring volume since 2004.

Factoring Volume (in \$, billions)


Source: Accord Financial

As TFS management has not provided us information on their annual factoring volume, we are not able to comment on their ability to turn around their capital.

The following table shows a summary of ACD's financials. In 2013, Accord generated \$19.98 million in revenues from recourse factoring, or 18% of the total receivable (recourse) assets and loans outstanding.

| | 2012 | 2013 |
|---|---------------|---------------|
| Factoring volume (\$,bn) | \$1.87 | \$1.86 |
| Receivables (recourse/non-recourse) & loans | \$195,527,165 | \$171,797,608 |
| Receivable (recourse) & loans | \$108,477,165 | \$109,774,608 |
| Total Revenues | \$25,890,527 | \$26,073,541 |
| Revenues from receivables (recourse)/loans | \$19,199,260 | \$19,981,868 |
| Revenues as a % of receivables (recourse)/loans | 17.7% | 18.2% |
| Net Income | \$6,376,597 | \$6,538,011 |

The following chart shows few of Accord's portfolio's key parameters:

| (as a percentage unless otherwise stated) | 2013 | 2012 | 2011 |
|--|------|------|------|
| Receivables Turnover (days) | 37 | 39 | 44 |
| Managed Receivables past due more than 60 days | 4.9 | 4.6 | 9.4 |
| Reserves*/Portfolio | 1.0 | 0.8 | 1.2 |
| Reserves*/Net Charge-offs | 393 | 193 | 149 |
| Net Charge-offs/Volume | 0.02 | 0.04 | 0.08 |

*Reserves comprise the total of the allowance for losses on Loans and on the guarantee of managed receivables.

Source: Accord Financial

Accord's receivables turnover (age of receivables) was 37 days in 2013. This compares to SCI receivables' 44 days. Generally, the shorter the receivables turnover, the lower the risk of the receivables.

The net charge-off (loss) as a percentage of total volume was 0.02%, and as a percentage of the assets under management, was 0.3% in 2013. According to Accord, the long-term industry average is 0.15% to 0.20% of the total annual volume, or 2% - 3% p.a. of the assets under management. The following chart shows the provision for credit losses as a percentage of loans outstanding of the major Canadian banks, which averages 0.46%. Payday lending, which is one of the sectors in the lending business with the highest default rates, has an average default rate of 3.5% - 4% p.a. At 2% - 3% p.a., the risk profile of the factoring business falls in between the two sectors.

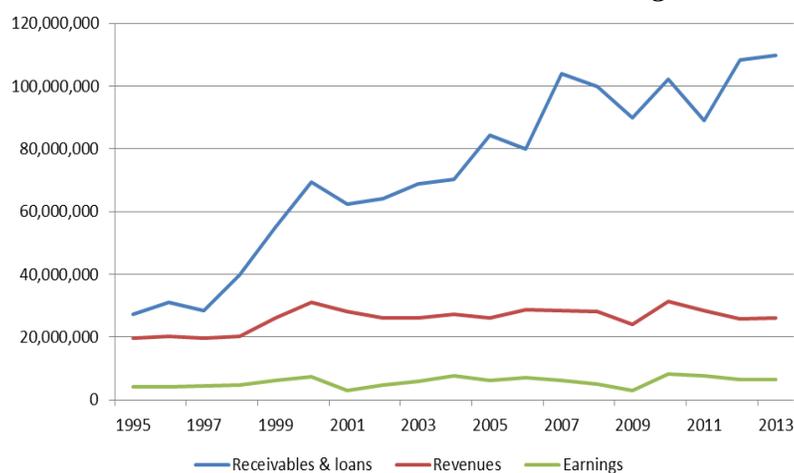
| Bank | Provision for credit losses as % of net average loans |
|-------------------------------------|--|
| Bank of Montreal | 0.30% |
| Bank of Nova Scotia | 0.48% |
| Canadian Imperial Bank of Commerce* | 0.82% |
| Royal Bank of Canada | 0.55% |
| Toronto-Dominion Bank | 0.15% |
| Average | 0.46% |

* Credit losses charged as % of net loans

Source: Ernst & Young Survey

Accord had debt to capital of 52% at the end of 2013. As debt financing, they use a line of credit from several banks, whose cost of capital is much lower than TFS's source of financings. One of the main reasons why Accord has been able to attain bank financing is that their historical performance has been reasonably steady. The chart below shows Accord's revenue and net income since 1995.

Accord Financial Revenues and Earnings



TFS's goal is to have approximately \$250 million in AUM within the next two years. We believe as TFS grows, and builds a stronger track record, they may be able to attain funding with lower costs of capital. If and when TFS attains such funding, they will seek to pay off capital with higher cost.

As per the agreement between TFS and SCI, TFS shall not repay capital to SCI that would require SCI to redeem any of its debentures prior to their maturity date. If TFS attains funding with a lower cost of capital, we believe they may gradually repay capital to SCI as the debentures mature.

SCI has two types of common shares – Class A and Class B.

| Description of Security | Number authorized to be issued | Price per security | Number outstanding as at November 21, 2013 | Number outstanding assuming completion of Maximum Offering |
|-------------------------|--------------------------------|--------------------|--|--|
| Class A Common Shares | Unlimited | \$1.00 | 82,000 | 82,000 |
| Class B Common Shares | Unlimited | \$3,600 | 5 | 5 |

Class A Common shares – no voting rights, no dividends or share of profits – these shares are owned by 164 shareholders, each holding 500 shares.

Class B Common shares – these shares have voting rights, but no right to receive dividends or share of profits - Peter and Ingrid Johannes own all the Class B shares.

SCI has the following types of unsecured bonds outstanding:

| Series | Term (years) | Rate (p.a.) | Type |
|--------|--------------|-------------|----------------------|
| A | 1 | 7.0% | direct subscriptions |
| B | 1 | 7.0% | deferred plan |
| C | 3 | 8.0% | direct subscriptions |
| D | 3 | 8.0% | deferred plan |
| E | 5 | 9.0% | direct subscriptions |
| F | 5 | 9.0% | deferred plan |

As of June 30, 2014, SCI had raised \$29.51 million. The following table shows the distribution:

| Bonds Outstanding | Jun-14 |
|-------------------|---------------------|
| One year term | \$11,622,493 39.4% |
| Three year term | \$5,791,343 19.6% |
| Five year term | \$12,099,196 41.0% |
| | \$29,513,032 |

There is no early redemption option for investors. However, as mentioned earlier, the company can prepay the bonds at any time prior to maturity. According to management, they have been meeting most of the redemptions so far from new capital raised in the offering. Although the agreement between TFS and SCI does not explicitly state that SCI can take out their capital from TFS RT to meet redemptions, management indicated to us

that as they own the receivables, and cash within TFS RT, they have the right to liquidate all of its assets any time, subject to maturity of the receivables. Management stated that they have requested capital back from TFS RT twice in the past to meet redemptions.

The following table shows the sales commissions and offering costs associated with the offering:

| | | Assuming Maximum Offering |
|---|--|----------------------------|
| A | Amount to be raised by issuance of this Offering | \$100,000,000 |
| B | Selling commissions and fees | \$8,500,000 ⁽¹⁾ |
| C | Estimated Offering costs | \$500,000 ⁽²⁾ |
| D | Available Funds: $D = A - (B + C)$ | \$91,000,000 |
| E | Additional sources of funding required | Nil ⁽³⁾ |
| F | Working Capital Deficiency | Nil ⁽⁴⁾ |
| G | Total: $G = (D + E) - F$ | \$91,000,000 |

(1) Assuming 8.5% of the gross proceeds of this Offering will be paid as selling commissions (see Item 7 Compensation Paid to Sellers and Finders).
(2) Represents estimated legal, accounting, marketing and due diligence expenses associated with this Offering.
(3) The Corporation does not expect to require additional funds from other sources to advance its business objectives.
(4) The Corporation does not have a working capital deficiency.

The offering pays an upfront sales fee (including EMD fee) as per below:

- 1 year – 3.00%
- 3 year – 5.75%
- 5 year – 8.50%

According to management, SCI currently has \$39 million worth of bonds issued, of which, \$31 million came from new bond sales, and \$8 million came from the renewal of SII bonds, upon maturity, into SCI bonds. As mentioned earlier, SII is not accepting renewal or new capital at this time, as management intends to wind down the fund over the next five years.

The following table compares the structure of SII and SCI.

| | SII | SCI |
|-------------------------------------|--|---|
| Annual Return on Capital (from TFS) | 14.0% | 14.0% |
| Management Fee | 1.5% p.a. of the bonds issued | 1.2% p.a. of the assets under management |
| Trustee Fee | 0.5% p.a. on funds raised from deferred Plans | |
| JPIM Fee | 0.06% p.a. of the value of bonds under management | 0.10% p.a. of the value of bonds under management |
| CommonWealth Fee | 0.10% on AUM or \$2,500/month minimum | 0.10% on AUM or \$2,500/month minimum |
| Sales Fee | Upfront (no trailer): 1yr - 3% / 3yr - 6% / 5yr - 9% | Upfront (no trailer): 1yr - 3% / 3yr - 5.75% / 5yr - 8.5% |
| Interest on bonds (p.a.) | | |
| 1-year | 8.0% | 7.0% |
| 2-year | 9.0% | 8.0% |
| 3-year | 10.0% | 9.0% |

Based on the above, the expected profit (excluding bond interest) for SII and SCI is shown below:

| per annum | 1-year | | 3-year | | 5-year | |
|--------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | SII | SCI | SII | SCI | SII | SCI |
| Revenues | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| Management Fee | 1.50% | 1.20% | 1.50% | 1.20% | 1.50% | 1.20% |
| Trustee Fee | 0.50% | | 0.50% | | 0.50% | |
| JPIM Fee | 0.06% | 0.10% | 0.06% | 0.10% | 0.06% | 0.10% |
| CommonWealth Fee | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |
| Sales Fee (annlzd.) | 3.00% | 3.00% | 2.00% | 1.92% | 1.80% | 1.70% |
| Net (excluding bond interest) | 8.84% | 9.60% | 9.84% | 10.68% | 10.04% | 10.90% |

As shown above, margins are significantly higher for SCI indicating its more cost efficient structure.

Since SII has a longer track record, we start with SII’s historic performance in this section.

The following shows SII’s income statement since FY2012. **Note that FY2013 and FY2014 are unaudited statements. Management has indicated to us that they intend to**

have audited statements for SCI every year.

| YE - June 30 | 2012 | 2013* | 2014* |
|---|----------------|------------------|------------------|
| Revenues | | | |
| Interest revenues | 198,026 | 2,152,704 | 6,445,222 |
| Expenses | | | |
| Interest on bonds + amortized selling expense | 154,193 | 1,834,154 | 4,402,620 |
| Management and Target Capital fees | 17,571 | 248,079 | 258,234 |
| G&A | 29,388 | 70,799 | 125,625 |
| Sales Commissions (financing) | | | 1,298,429 |
| Expenses | 201,152 | 2,153,032 | 6,084,908 |
| Operating Income | (3,126) | (328) | 360,314 |
| Other Income | | | 999 |
| FOREX gain | | 1,153 | |
| Taxes | | | |
| Net Income (Loss) | (3,126) | 825 | 361,313 |

* Unaudited

| % of Receivables | 2012 | 2013 | 2014 |
|---|-------------|--------------|--------------|
| Interest revenues | 13.0% | 14.0% | 14.0% |
| Interest on bonds + amortized selling expense | 10.1% | 11.9% | 9.6% |
| Management and Target Capital fees | 1.2% | 1.6% | 0.6% |
| G&A | 1.9% | 0.5% | 0.3% |
| FOREX gain | 0.0% | 0.0% | 0.0% |
| Taxes | 0.0% | 0.0% | 0.0% |
| Net Income (Loss) | -0.2% | 0.01% | 0.8% |
| Weighted Avg Receivables | \$1,523,277 | \$15,376,457 | \$46,037,300 |

YE – June 30

In 2012, SII negotiated with TFS to raise the interest rate they receive from TFS from 13% to 14% p.a. to make it in line with SCI's rate. Revenues grew from \$0.20 million in FY2012, to \$6.45 million in FY2014. Net Income in FY2014 was \$0.36 million versus a net loss of \$3,126 in FY2012.

The following table shows a summary of the company's balance sheet. Note that management has yet to finalize SII's FY2014 balance sheet.

| | 2011 | 2012 | 2013* |
|---|--------------------|---------------------|----------------------|
| Assets | | | |
| Cash | \$ 1,272 | \$ 91,501 | \$ 719,089 |
| Prepaid expenses + due from related parties | | \$ 15,692 | \$ 121,448 |
| Receivables + Cash held by TFS RT | | \$ 5,365,977 | \$ 35,479,371 |
| Total Assets | \$ 1,272 | \$ 5,473,170 | \$ 36,319,908 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 30,600 | \$ 12,000 | \$ 39,258 |
| Current portion of bonds payable | | \$ 4,571,215 | \$ 15,629,971 |
| | \$ 30,600 | \$ 4,583,215 | \$ 15,669,229 |
| LT portion of bonds payable | | \$ 922,409 | \$ 20,682,308 |
| Shareholders' Equity | | | |
| Share capital | \$ 1,100 | \$ 1,100 | \$ 1,100 |
| Earnings (Deficit) | \$ (30,428) | \$ (33,554) | \$ (32,729) |
| | \$ (29,328) | \$ (32,454) | \$ (31,629) |
| Liabilities + SE | \$ 1,272 | \$ 5,473,170 | \$ 36,319,908 |

* Unaudited

| Liquidity Analysis | 2011 | 2012 | 2013* |
|---------------------------|-------------|-------------|---------------|
| Cash | \$ 1,272 | \$ 91,501 | \$ 719,089 |
| Working Capital | \$ (29,328) | \$ 889,955 | \$ 20,650,679 |
| Current Ratio | 0.0 | 1.2 | 2.3 |
| Bonds Outstanding | \$0 | \$5,493,624 | \$36,312,279 |
| Debt/Capital | 0.00% | 100.59% | 100.09% |
| Interest coverage | | 0.98 | 1.00 |

SII had \$36.31 million in bonds outstanding as of June 30, 2013, of which, \$35.48 million was invested with TFS RT. As shown above, the interest coverage was just 1.0x in FY2013, indicating tight margins and the reason why management decided to adopt a lower cost structure for SCI.

SCI's income statements are shown below. SCI generated \$0.98 million in revenues, and net profit of \$48k, in the six month period ended June 30, 2014.

*Financials -
SCI*

| YE - Dec 31 | 2013 | 2014 (6M) * |
|---|--------------|------------------|
| Revenues | | |
| Interest revenues | | 975,271 |
| Expenses | | |
| Interest on bonds + amortized selling expense | | 782,088 |
| Management+JPIM+CommonWealth | | 126,975 |
| G&A | 50 | 2,005 |
| Expenses | 50 | 911,068 |
| Operating Income | (50) | 64,203 |
| FOREX gain | 1,149 | 527 |
| Taxes | | 17,153 |
| Net Income (Loss) | 1,099 | 47,577 |
| * Unaudited | | |
| | | annualized |
| % of Receivables | | |
| | | 2014 (6M) |
| Interest revenues | | 14.0% |
| Interest on bonds + amortized selling expense | | 11.2% |
| Management+JPIM+CommonWealth | | 1.8% |
| G&A | | 0.0% |
| FOREX gain | | 0.0% |
| Taxes | | 0.2% |
| Net Income (Loss) | | 0.7% |
| Weighted Avg Receivables | | \$13,932,443 |

The following table shows a summary of the company's balance sheet. SCI had \$29.41 million in bonds outstanding as of June 30, 2014, of which, \$28.23 million was invested with TFS RT. The interest coverage was 1.08x in the first six months of 2014.

| | 2013 | Q2-2014* |
|--|-------------------|----------------------|
| Assets | | |
| Cash | \$ 183,417 | \$ 1,861,450 |
| Receivables + Cash held by TFS RT | \$ 371,560 | \$ 28,226,173 |
| Total Assets | \$ 554,977 | \$ 30,087,623 |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 30,271 | \$ 317,395 |
| Income tax payable | | \$ 17,153 |
| Interest payable | | \$ 291,646 |
| Current portion of bonds payable | \$ 230,088 | \$ 12,248,830 |
| | \$ 260,359 | \$ 12,875,024 |
| LT portion of bonds payable | \$ 293,519 | \$ 17,163,923 |
| Shareholders' Equity | | |
| Share capital | \$ 100,000 | \$ 100,000 |
| Earnings (Deficit) | \$ (98,901) | \$ (51,324) |
| | \$ 1,099 | \$ 48,676 |
| Liabilities + SE | \$ 554,977 | \$ 30,087,623 |

* Unaudited

| Liquidity Analysis | 2013 | Q2-2014* |
|---------------------------|------------|---------------|
| Cash | \$ 183,417 | \$ 1,861,450 |
| Working Capital | \$ 294,618 | \$ 17,212,599 |
| Current Ratio | 2.1 | 2.3 |
| Bonds Outstanding | \$523,607 | \$29,412,753 |
| Debt/Capital | 99.79% | 99.83% |
| Interest coverage | | 1.08 |

We believe following are the key risks of the offering:

- Fixed rate bonds, with longer terms, are exposed to interest rate risks.
- Prepayment risks exist as SCI can redeem investors at any time prior to maturity.
- Compared to the established players in the Canadian factoring space, TFS has a shorter track record.
- TFS's ability to consistently deploy capital at attractive yields is critical.
- As with most investments, there is no guarantee that SCI will be able to return principal and meet interest payments.
- International factoring deals tend to have a higher risk profile than domestic transactions.
- Although TFS purchases insurance on all the receivables it purchases, insurance does not cover fraud and trade disputes.
- Key person risks exist as Peter and Ingrid Johannes own 100% of the voting shares of SCI.
- We have not reviewed TFS' audited statements to confirm their historic performance.
- SII does not have audited FY2013 and FY2014 statements.
- Although the company has an independent portfolio manager (JPIM), a conflict of interest may arise if Peter Johannes acquires equity in Global Funds.

Risks

Rating

Based on our review of the offering, we assign an overall rating of 3+.

| | |
|-----------------------|--------------|
| FRC Rating | |
| Expected Annual Yield | 7% - 9% p.a. |
| Rating | 3+ |
| Risk | 3 |

If TFS MI is able to consistently deploy capital, they can generate 30% - 35% p.a. on their funds. In such cases, we believe TFS MI will not have any problem paying out the 14% p.a. return to SCI, which will allow SCI to meet the 7% - 9% p.a. interest payments to its bondholders. Our analysis of the factoring market in the US and Canada indicates that there is a lot of room for TFS MI to grow. The key risks are – a) TFS has a relatively shorter track record compared to the established Canadian/US factoring companies, and b) we have not been able to review TFS MI or the trust’s financial statements to confirm TFS MI’s operating performance. The overall risk of this offering is lowered by the fact that SCI has the right to take over their share of the assets (receivables) if TFS MI defaults on a payment. We assign a risk rating of 3.



Fundamental Research Corp. Rating Scale:

- Rating – 1: Excellent Return to Risk Ratio
- Rating – 2: Very Good Return to Risk Ratio
- Rating – 3: Good Return to Risk Ratio
- Rating – 4: Average Return to Risk Ratio
- Rating – 5: Weak Return to Risk Ratio
- Rating – 6: Very Weak Return to Risk Ratio
- Rating – 7: Poor Return to Risk Ratio

A “+” indicates the rating is in the top third of the category, A “-“ indicates the lower third and no “+” or “-“ indicates the middle third of the category.

Fundamental Research Corp. Risk Rating Scale:

- 1 (Low Risk)
- 2 (Below Average Risk)
- 3 (Average Risk)
- 4 (Speculative)
- 5 (Highly Speculative)

| FRC Distribution of Ratings | | | |
|-----------------------------|-----|-----------|-----|
| Rating - 1 | 0% | Risk - 1 | 0% |
| Rating - 2 | 23% | Risk - 2 | 2% |
| Rating - 3 | 48% | Risk - 3 | 31% |
| Rating - 4 | 10% | Risk - 4 | 42% |
| Rating - 5 | 6% | Risk - 5 | 9% |
| Rating - 6 | 1% | Suspended | 16% |
| Rating - 7 | 0% | | |
| Suspended | 13% | | |

Disclaimers and Disclosure

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PLEASE READ THE IMPORTANT DISCLOSURES AT THE BACK OF THIS REPORT

TAB G

THIS DECLARATION OF TRUST is made the 26th day of July 2013 by JOBEC Investments RT Ltd., a corporation incorporated under the laws of the Province of Ontario (the "Nominee")

WHEREAS the Nominee has agreed to hold certain Assets (defined herein) as bare trustee and nominee and solely in trust for each of the beneficiaries on Schedule "B" (as may be amended from time to time) (collectively the "Beneficiaries" and each a "Beneficiary") from and after the date hereof (the "Effective Time") on the terms and conditions hereinafter set forth;

AND WHEREAS the Beneficiaries have agreed to purchase certain Assets from time to time as directed by the Collateral Manager pursuant to that certain Collateral Management Agreement;

NOW THEREFORE THIS DEED WITNESSETH and the Nominee hereby declares as follows:

ARTICLE 1
INTERPRETATION

In this Deed, capitalized terms shall have the meanings set in Schedule "A" hereto, unless the context requires otherwise.

ARTICLE 2
TRUST ACKNOWLEDGEMENT

2.1 The Nominee hereby acknowledges and confirms that, with effect immediately at the Effective Time, it will hold the Assets, in trust, as bare trustee and nominee solely for the Beneficiaries; the Beneficiaries holding the beneficial interest in the Assets upon the terms and conditions contained herein. The Nominee further acknowledges that, effective at the Effective Time, it will hold said title to the Assets without beneficial interest therein whatsoever.

2.2 The Nominee shall hold all amounts received by it from time to time as proceeds or income derived from the Assets or otherwise in respect of the Assets in trust for the Beneficiaries and shall have no beneficial interest in such amounts. The Nominee shall deposit all such amounts received by it forthwith upon receipt thereof to such bank account or bank accounts as the Collateral Manager may designate from time to time. Assets will be held in segregated accounts on behalf of each Beneficiary. Assets of one Beneficiary shall not be available to creditors of the any other Beneficiary or the Nominee save as provided herein.

2.3 The Nominee will not transfer the legal title in or to all or any part of the Assets, or mortgage, pledge, charge or otherwise encumber all or any part of the Assets, or otherwise deal with all or any part of the Assets in any manner whatever other than on the terms and conditions provided for herein or, subject as hereinafter provided in paragraph 3.5, as otherwise directed by a Beneficiary or the Collateral Manager, as the case may be.

ARTICLE 3
RIGHTS AND DUTIES OF THE NOMINEE

3.1 The Nominee may, for the execution of its duties and in execution of the powers conferred upon it, appoint or employ as its agents or representatives or otherwise any solicitors, accountants or other agents, and all expenses, disbursements and costs made or incurred by the Nominee, in regard to the Assets, in connection with such appointment shall be paid by Beneficiaries as follows:

- (a) If such costs are identifiable and related to a specific Asset then they will be for the account of the relevant Beneficiary.
- (b) Costs of the Nominee that are not identifiable or are Common Expenses, shall be collectively borne by each Beneficiary based on the proportion such Beneficiary Asset Outstanding Balance bears to the then total Nominee Asset Outstanding Balance. For the purpose of calculating both the Beneficiary Asset Outstanding Balance, and Nominee Asset Outstanding Balance, the Nominee shall either take a twelve (12) month rolling average prior to the relevant account or if appropriate the average balance outstanding during the relevant billing period to which the account relates.

3.2 The Nominee shall not be entitled to receive any remuneration for its services as bare trustee or nominee.

3.3 The Nominee shall not be responsible other than as a trustee, and, subject to paragraph 3.5 below, shall not be bound to do or perform or to see to the performance of any matter whatever relating to the Assets unless and until it has received a direction thereto from the Beneficiary or its duly appointed agents or attorneys. The Nominee acknowledges that it is a bare trustee of the Assets with no active or independent duties to perform in respect of the Assets other than as may be referred to in paragraph 3.5 below.

3.4 The Nominee may, at any time, resign its trust by giving one (1) month's notice to the Beneficiary or such shorter notice as the Beneficiaries may be willing to accept.

3.5 The Nominee shall execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

- (a) complete the acquisition of the Assets from time to time in accordance with the provisions of the the Collateral Management Agreement;
- (b) execute and deliver the Collateral Management Agreement and perform its obligations thereunder;

- (c) without limitation to paragraph (b), grant the security agreement, hypothec, assignment of purchase agreement, and perform its obligations thereunder; and
- (d) execute and deliver all the Assets and perform its obligations thereunder.

3.6 The Nominee shall, at the request of each Beneficiary or its duly appointed agents or attorneys, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, instruments, assurances or other documents and take all such other actions as may be necessary from time to time in order to:

- (a) evidence the manner in which the Nominee holds title to all or any part of the Assets; and
- (b) transfer legal title to all or any part of the Assets to the Beneficiary or to whomever it may in writing otherwise direct.

ARTICLE 4 **GENERAL**

4.1 This deed shall be governed by and construed in accordance with the laws of the Province of Ontario. The words "herein", "hereunder", "hereof" and other similar words refer to this agreement as a whole and not to any particular section or subsection hereof. Any provision herein prohibited by law shall, to the extent prohibited, be ineffective without invalidating any other provision hereof. The provision of headings is for convenience of reference only and shall not limit or restrict the interpretation hereof.

4.2 All notices, requests, demands or other communications (hereinafter collectively referred to as "Notices") required to be given or made or provided for in this agreement shall be in writing and signed by the party giving the same, and shall be sufficiently given if delivered to a party hereto at the following address:

- (a) to the Nominee at:

JOBEC Investments RT Ltd.
Oshawa, ON L1K 0A9

Attention: President
- (b) to each Beneficiary at the address(s) set forth on Schedule "B"

Any notices delivered as aforesaid shall be deemed to have been given and received at the time so delivered.

4.3 This Deed shall be binding upon and enure to the benefit of the Nominee and each Beneficiary and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have duly executed this agreement as of the date first written above.

JOBEC Investments RT Ltd.

Per: 

Name: *Peter Cook*

Title: *PRESIDENT*

I have authority to bind the Corporation

SCHEDULE "A"**Defined Terms**

"**Assets**" means in respect of each Beneficiary separately, those receivables recorded on the books of the Collateral Manager and the Nominee purchased at the direction of the Collateral Manager in the name of the Nominee for the benefit of such Beneficiary. For the avoidance of doubt, assets of one Beneficiary shall not be available to, nor considered the property of any other Beneficiary.

"**Beneficiary Asset Outstanding Balance**" means in respect of each Beneficiary the face value of the Assets owned by the Nominee on behalf of such Beneficiary.

"**Collateral Manager**" means Global Trade Finance Inc. and any successor or permitted assign and any other Collateral Manager appointed by the Beneficiaries pursuant to the Collateral Management Agreement.

"**Collateral Management Agreement**" means the collateral management agreement executed between the Collateral Manager and the Nominee dated the 26th day of July 2013, as amended, replaced or superceded from time to time.

"**Common Expenses**" means in respect of the Nominee, those expenses that are not identifiable to any specific Asset, such as legal and/or governmental Corporate maintenance and/or filing fees.

"**Nominee Asset Outstanding Balance**" means in respect of the Nominee the total face value of the Assets owned by the Nominee on behalf of the Beneficiaries.

1



ELIGIBLE RECEIVABLE DEFINITION

"Eligible Receivable" means a receivable as to which all of the following characteristics are true as of the related any day (or as of such other date specified below):

Origination Standards. Such receivable was originated by the Collateral Manager in accordance with its internal guidelines;

- (a) Insurance or Letter of Credit/Guarantee. The receivable shall be an Eligible Receivable of the Beneficiary within an approved limit of Beneficiary credit as defined in a valid and enforceable policy of insurance indemnifying the Eligible Receivable vendor (and its assignees) against credit exposure loss in respect of at least 85% of that receivable OR the receivable shall be guaranteed through a letter of credit or letter of guarantee guaranteeing payment of the receivable or a satisfactory credit review, as determined by the Collateral Manager in its sole discretion, was performed.
- (b) Title. Immediately before the purchase under the purchase agreement between the Eligible Receivable vendor and the Trust, on behalf of a Beneficiary, and at the direction of the Collateral Manager (the "Purchase Agreement") and at the time of the transfer of such receivable to the Trust, the Eligible Receivable vendor has good and marketable title thereto and such receivable is free and clear of all "liens."
- (c) Collateral Classification. Such receivable constitutes either an "instrument" or an "intangible" under and as defined in the PPSA.
- (d) No Bankruptcy. As of the related date, neither the eligible receivable vendor, nor the Collateral Manager or the Trust has received notice that the obligor under such receivable has filed for bankruptcy, and to the best of the Eligible Receivable vendor's and the Collateral Manager's knowledge, as of the related date, the obligor under such receivable is not in bankruptcy or similar proceedings.
- (e) Binding Obligation. Such receivable includes rights and remedies allowing the holder to enforce the obligation and represents the genuine, legal, valid, and binding payment obligation of the related obligor, enforceable by the holder thereof in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally.
- (f) Terms of Receivable. Such receivable arises under a contract that (a) contains an obligation to pay a specified sum of money and is subject to no contingencies, discounts, rebates, set offs or offset rights (b) does not require the obligor under such contract to consent to the transfer, sale or assignment of the rights of an originator under such contract, (c) does not contain a confidentiality provision that purports to restrict the assignability or enforcement by any assignee of the related receivables or any purchaser's exercise of rights under the Purchase Agreement, including, without limitation, the right to review such contract, (d) has not been extended, rewritten or otherwise modified from its original terms.
- (g) No Fraud. No material error, omission, misrepresentation, negligence or fraud in respect of such receivable has taken place on the part of any Person in connection with the creation, apportionment, acquisition, servicing or sale of such receivable.
- (h) Marking of Servicer Computer Files. As of the related date, the Collateral Manager has clearly and unambiguously marked its computer files and any other applicable electronic records to indicate that such receivable has a unique identification code that is reflected on the records of the Collateral Manager and receivables scheduled hereto as being owned by the Trust, on behalf of a Beneficiary.



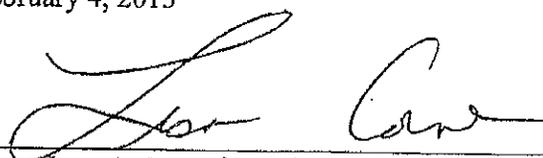
SCHEDULE "B"

Beneficiaries

1. JOBEC Trade Finance Inc.;
2. TCFC Inc.
3. Trade Capital Finance Corp.



This is Exhibit "B" referred to in the Affidavit of **PETER JOHANNES**
sworn February 4, 2015

A handwritten signature in black ink, appearing to read "Lor Carr", written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

COLLATERAL MANAGEMENT AGREEMENT

dated JULY 26 2013

between:

JOBEC TRADE FINANCE INC.

(as "Collateral Manager")

-And-

**JOBEC Investments RT Ltd. as bare trustee for the Trust Beneficiaries pursuant to a
Declaration of Trust.**

(as the "Trust")

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THIS AGREEMENT is dated as of July __, 2013 between:

JOBEC INVESTMENTS RT LTD. a corporation incorporated under the laws of the Province of Ontario having its registered office at 1173 Salmers Dr, Oshawa, ON, L1K0A9 in its capacity as bare trustee for the Trust Beneficiaries pursuant to the Declaration of Trust (the "**Trust**");

JOBEC Trade Finance Inc. a corporation incorporated under the laws of the Province of Ontario having its registered head office at 1173 Salmers Dr, Oshawa, ON L1K0A9 in its capacity as collateral manager under this Agreement (the "**Collateral Manager**").

WHEREAS

- (A) pursuant to a declaration of trust dated July 26, 2013 (the ("**Declaration of Trust**") the Trust agreed to hold certain Assets (defined therein) for and on the behalf of certain beneficiaries (collectively the "**Beneficiaries**" and each a "**Beneficiary**") listed on Schedule "B" of the Declaration of Trust, as amended from time to time;
- (B) the Beneficiaries, have agreed to purchase certain Assets from time to time as directed by the Collateral Manager, and have directed the Trust to enter into this Agreement to facilitate these transactions and provide certain administrative, management and other services in relation to the management and administration of the Portfolio and the Collateral Manager is willing to provide such services to it upon the terms and subject to the conditions of the Collateral Management Agreement.

IT IS AGREED as follows:

1. DEFINITIONS

Capitalised terms used but not defined in this Agreement have the meanings given to them in the Declaration of Trust. In this Agreement the terms set out below shall have the following meanings:

"**Affiliate**" means with respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, Officer or employee (a) of such Person, (b) any subsidiary or parent company of such Person or (c) of any Person described in clause (i) above. For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of such Persons, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; provided that no special purpose company;

"**Beneficiary Document**" means with respect to any Beneficiary, any documentation [*];

"**Beneficiary Invested Amount**" means in respect of each Beneficiary, the current balance, expressed in dollars, of the Eligible Investments credited to the account of such Beneficiary.

"**Beneficiary Portfolio Cap**" means the amount expressed in dollars as the maximum amount available for the purchase of Eligible Investments for the account of such Beneficiary;

"Beneficiary Portfolio Criteria" means in respect of each Beneficiary the portfolio criteria of Eligible Investments related to such Beneficiary, as amended from time to time and as appended to this Agreement at Schedule 1;

"Collateral Manager" has the meaning ascribed to such term in the preamble to this Agreement;

"Declaration of Trust" has the meaning ascribed to such term as in Recital A to this Agreement;

"Eligible Investments" means in respect of each Beneficiary, the investments selected by the Collateral Manager that satisfy the Beneficiary Portfolio Criteria;

"Person" means an individual corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof; and

"Portfolio" means the portfolio of Eligible Investments in respect of each Beneficiary.

2. INTERPRETATION

2.1. Statutes

All references in this Agreement to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2.2. Documents

All references in this Agreement to any agreement, deed or other document, shall refer to such agreement, deed or other document as the same may be amended, supplemented or modified from time to time.

2.3. Sections, Clauses, Schedules and Paragraphs

In this Agreement, unless stated otherwise, references to Sections, Clauses, Schedules and paragraphs shall be construed as references to the Sections, Clauses, Schedules and paragraphs of this Agreement respectively.

3. APPOINTMENT, DUTIES, FEES AND EXPENSES OF THE COLLATERAL MANAGER

3.1. Appointment

The Trust hereby appoints the Collateral Manager, and the Collateral Manager hereby agrees, to act as the Trust's investment advisor with authority to provide the Trust with such advisory and other services as may seem necessary or desirable to the Trust from time to time which may, without limitation, include those services specified in this Agreement and Schedule 3.1 (*Services*) hereto and the Collateral Manager shall use (subject always to Clause 3.5 (*Standard of Care*)) all reasonable endeavours (without prejudice to any of its specific obligations under this Agreement) to perform its duties and obligations.

3.2. Delegation by the Collateral Manager

The Collateral Manager may (with the prior written consent of the Trust) delegate all or any of its services and obligations hereunder to any person, but such delegation will not absolve nor release the Collateral Manager from its liabilities or obligations under this Agreement.

3.3. Fees of the Collateral Manager

The Trust shall pay to the Collateral Manager, in respect of its services under this Agreement, such fees as may be separately agreed each Beneficiary and the Trust from time to time as set forth on Schedule 3.3 (*Fees*).

3.4. Costs and Expenses of the Collateral Manager

The Collateral Manager shall invoice the Trust for all operational and other expenses incurred in respect of the management and administration of the Portfolio and its own operations (including value added tax). In accordance with the Declaration of Trust, the Trust shall pay such invoice within 5 business days of receipt thereof.

3.5. Standard of care

Notwithstanding anything in this Agreement to the contrary, the Collateral Manager agrees to perform the functions set out in this Agreement with reasonable skill, care and diligence in accordance with the provisions of this Agreement and (subject thereto) in a manner consistent with practices and procedures followed by prudent institutional investment advisors of international standing managing investments or advising in respect of assets and liabilities in each case similar in nature and character to those which may comprise the Portfolio from time to time.

3.6. Breach of Declaration of Trust or any Beneficiary Document

The Collateral Manager will take reasonable care to avoid or omit taking any action hereunder which would result in the Collateral Manager, or the Trust being in breach of the Declaration of Trust and/or any Beneficiary Document.

4. PURCHASE OF INVESTMENTS**4.1. Conditions Precedent to the purchase of Investments**

On each day that the Collateral Manager recommends to the Trust the purchase of Eligible Investments on behalf of a Beneficiary, the Collateral Manager shall not complete the purchase of such assets unless it can satisfy itself that:

- 4.1.1 the proposed purchase satisfies the Beneficiary Portfolio Criteria and the assets qualify as Eligible Investments for such Beneficiary;
 - 4.1.2 the purchase price for such assets: (i) together with the then current Beneficiary Invested Amount for such Beneficiary does not exceed Beneficiary Portfolio Cap; or is zero; and
 - 4.1.3 all other terms and conditions of this Agreement, and any other Beneficiary Document, related to such Beneficiary have been complied with, except to the extent expressly waived in writing by each of the other parties thereto.
-

4.2. **Payment for Eligible Investments**

Where following the Collateral Manager's satisfaction of the conditions contained in Section 4.1 the Collateral Manager advises the Trust to proceed with such purchase, the Trust shall remit such amounts as are necessary to complete the purchase of Eligible Investments at the direction of the Collateral Manager.

4.3. **Custody and Records of Eligible Investments**

The Collateral Manager shall maintain such records as are necessary to record the ownership of Eligible Investments on behalf of each Beneficiary. The records of investments shall record, among other things, the price paid for such investment, debits/credits and payments made in respect of such investments, and losses or gains related to such investments. The records of the Collateral Manager shall be determinative in all respects regarding the recording of the Eligible Investments on behalf of Beneficiaries.

5. **CHANGE OF COLLATERAL MANAGER**

5.1. **Resignation**

Subject to Clause 4.6 (Successor Collateral Manager) but notwithstanding any other provision hereof to the contrary, the Collateral Manager may at any time resign without cause upon 90 days' prior written notice to the Trust.

5.2. **Removal With Cause**

The Collateral Manager may be removed with cause forthwith by the Trust.

For the purposes of this Agreement, "cause" will mean:

- 5.2.1 the Collateral Manager wilfully breaches, or takes or omits to take any action which it knows violates any material provision of this Agreement and which is not capable of remedy;
- 5.2.2 the Collateral Manager breaches any material provision of this Agreement and fails to cure the same within 30 business days of its becoming aware of or its receiving notice (in writing) from the Trust, of, such violation;
- 5.2.3 the Collateral Manager:
 - (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
 - (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
 - (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
 - (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for

its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:

- (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
 - (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) (inclusive); or
 - (i) takes or omits to take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;
- 5.2.4 the occurrence of an act by the Collateral Manager that constitutes fraud or criminal activity in the performance of its obligations under this Agreement or the Collateral Manager has been charged with a criminal offence related to its primary business;
- 5.2.5 any representation or warranty made by the Collateral Manager in this Agreement shall have been incorrect in any material respect when made and the Collateral Manager fails to cause it to be corrected in all material respects within 30 days after notice (in writing) of failure is given by the Trust to the Collateral Manager or the Collateral Manager has actual knowledge that the representation or warranty is not correct in all material respects, whichever is earlier; or
- 5.2.6 a material change in the business operations of the Collateral Manager has occurred and is continuing, such that, in the opinion of the Trust, as a result of such change the Collateral Manager no longer has the capacity or the competence to perform its obligations as Collateral Manager.

If any of the events specified in the preceding paragraphs shall occur, the Trust or the Collateral Manager, as the case may be, shall as soon as practicable give prompt written notice thereof to the Trust upon becoming aware of the occurrence of such event.

5.3. Removal Without Cause

The Collateral Manager may be removed without cause upon 90 days' prior written notice by the Trust.

5.4. Action Upon Resignation or Removal

Upon such resignation or removal the Collateral Manager shall as soon as practicable, save as otherwise required by any applicable laws, deliver to or to the order of the Trust all property, documents and information relating to the Portfolio then in the custody of the Collateral Manager. The Collateral Manager shall not be required pursuant to the foregoing to deliver property and documents which it is required to retain by law, regulation, court order or by the rules or regulations of any self-regulating organisation, body or official having jurisdiction over the Collateral Manager. Notwithstanding such resignation or removal, the Collateral Manager shall remain liable for its acts or omissions hereunder arising prior to such resignation or removal and shall remain liable for any expenses, losses damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees) in respect of or arising out of a breach of a representation or warranty made herein or from any failure to comply with this Clause 4.4 (*Action Upon Resignation or Removal*).

5.5. Successor Collateral Manager

In respect of the resignation or removal of the Collateral Manager pursuant to this Agreement, while any Assets remain outstanding, no resignation or removal of the Collateral Manager shall be effective until the date on which a successor Collateral Manager (a "**Successor Collateral Manager**") has been appointed provided that:

- (a) such Successor Collateral Manager is legally qualified and has the capacity and authority to act as a collateral manager under this Agreement, as successor to the Collateral Manager in the assumption of all of the responsibilities, duties and obligations of the Collateral Manager hereunder; and
- (b) such Successor Collateral Manager agrees in writing to assume all of the Collateral Manager's duties and obligations pursuant to this Agreement and the Collateral Management Agreement.

6. REPRESENTATIONS, WARRANTIES AND INDEMNITIES

6.1. Representations and warranties of the Trust

The Trust as at the date hereof hereby represents and warrants to the Collateral Manager as follows:

- 6.1.1 the Trust is a company duly organised and validly existing under the laws of the Province of Ontario and has all the necessary licences, permits, charters, registrations and approvals necessary for the performance of its obligations hereunder;
- 6.1.2 the Trust has full power and authority to execute, deliver and perform this Agreement and all obligations under this Agreement, has taken all necessary action to authorise this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other person and no licence, permit, approval or authorisation of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is

required by the Trust in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement or its obligations hereunder. This Agreement has been, and each instrument and document required hereunder shall be, executed and delivered by a duly authorised officer of the Trust, and this Agreement constitutes, and each instrument and document required hereunder, when executed and delivered by the Trust, shall constitute, the legally valid and binding obligations of the Trust enforceable against the Trust in accordance with their terms, subject as to enforcement to (a) the effect of bankruptcy, insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, receivership, insolvency or similar event applicable to the Trust and (b) general equitable principles;

- 6.1.3 there is no charge, investigation, action, suit or proceeding before or by any court pending or, to the best knowledge of the Trust, threatened that, if determined adversely to the Trust, would have a material adverse effect upon the performance by the Trust of its duties under, or on the validity or enforceability of, this Agreement;
- 6.1.4 the Trust is in compliance with all regulatory filing and notifications required in order for it to provide the services contemplated by this Agreement; and
- 6.1.5 the Trust is not in violation of or in default under any contract or agreement to which it is a party or by which it or any of its property may be bound, or any applicable statute or any rule, regulation or order of any court, government agency or body having jurisdiction over the Trust or its properties or assets, the breach or violation of which or default under which would have a material adverse effect on the validity or enforceability of this Agreement, or the performance by the Trust of its duties hereunder.

6.2. **Representations and warranties of the Collateral Manager**

The Collateral Manager as at the date hereof, and on each date that any Assets are outstanding, hereby represents and warrants to the Trust as follows:

- 6.2.1 the Collateral Manager is a corporation existing under the laws of the Province of Ontario and has all the necessary licences, permits, charters, registrations and approvals necessary for the performance of its obligations hereunder;
- 6.2.2 the Collateral Manager has full power and authority to execute, deliver and perform this Agreement and all obligations under this Agreement, has taken all necessary action to authorise this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other person, including, without limitation, creditors of the Collateral Manager, and no licence, permit, approval or authorisation of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Collateral Manager in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement or its obligations hereunder. This Agreement has been, and each instrument and document required hereunder shall be, executed and delivered by a duly authorised officer of the Collateral Manager, and this Agreement constitutes, and each instrument and document required hereunder, when executed and delivered by the Collateral Manager, shall constitute, the legally valid and binding obligations of the Collateral Manager enforceable against the Collateral Manager in accordance with their terms, subject as to enforcement to (a) the effect of bankruptcy,

insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, receivership, insolvency or similar event applicable to the Collateral Manager and (b) general equitable principles;

- 6.2.3 there is no charge, investigation, action, suit or proceeding before or by any court pending or, to the best knowledge of the Collateral Manager, threatened that, if determined adversely to the Collateral Manager, would have a material adverse effect upon the performance by the Collateral Manager of its duties under, or on the validity or enforceability of, this Agreement;
- 6.2.4 the Collateral Manager is in compliance with all regulatory filing and notifications required in order for it to provide the services contemplated by this Agreement;
- 6.2.5 the Collateral Manager is not in violation of or in default under any contract or agreement to which it is a party or by which it or any of its property may be bound, or any applicable statute or any rule, regulation or order of any court, government agency or body having jurisdiction over the Collateral Manager or its properties or assets, the breach or violation of which or default under which would have a material adverse effect on the validity or enforceability of this Agreement, or the performance by the Collateral Manager of its duties hereunder;
- 6.2.6 the Collateral Manager is involved in this Agreement only in its capacity as an independent contractor;
- 6.2.7 the Collateral Manager is, and will be at any time as long as any Assets are outstanding, providing the services under this Agreement to the Collateral Manager in the ordinary course of its investment advisory business;
- 6.2.8 in providing its services under this Agreement at all times, the Collateral Manager will be acting as an independent contractor; and
- 6.2.9 the fees which the Collateral Manager receives for providing the services under this Agreement are not less than what is customary for the provision of such services.

6.3. Indemnity by the Trust

The Trust shall indemnify and hold harmless the Collateral Manager from and against any and all losses, claims, damages, judgments, assessments, costs, fees, charges, amounts paid in settlement or other liabilities (including reasonable legal costs) (collectively, "Losses") that arise by reason of any material breach by the Trust of its obligations under this Agreement and/or the Declaration of Trust or any Beneficiary Document, negligence, wilful malfeasance or bad faith of the Trust or any of its directors, employees or agents, except to the extent that the same is due to a breach by the Collateral Manager of this Agreement, or to the negligence, wilful malfeasance or bad faith of the Collateral Manager and provided that (i) the Trust shall not be liable for indirect or consequential Losses or for punitive damages and (ii) the Trust will be responsible only for: (a) costs which have been properly incurred by the Collateral Manager or (b) other Losses arising as specified above which have been actually suffered or incurred by the Collateral Manager (but not for alleged Losses).

6.4. Indemnity by the Collateral Manager

The Collateral Manager shall indemnify and hold harmless the Trust from and against any and all Losses that arise by reason of any material breach by the Collateral Manager of its obligations under this Agreement, wilful malfeasance, bad faith or negligence of the Collateral Manager or any of its officers, directors, employees, agents, delegates, attorneys-in-fact or Affiliates except to the extent that the same is due to a breach by the Trust of this Agreement, or to the negligence, wilful malfeasance or bad faith of the Trust and provided that (i) the Collateral Manager shall not be liable for indirect or consequential Losses or for punitive damages and (ii) the Collateral Manager will be responsible only for: (a) costs which have been properly incurred by the Trust or (b) other Losses arising as specified above which have been actually suffered or incurred by the Trust (but not for alleged Losses).

Notwithstanding any other provision of this Agreement, in particular but without limitation Clauses 8 (*Term and Termination*) and 5.5 (*Successor Collateral Manager*), the provisions of Clause 6.3 (*Indemnity by the Trust*) shall, following the resignation or removal of the Collateral Manager pursuant to Clause 5 (*Change of Collateral Manager*) hereof, continue in full force and effect in relation to all Losses or other liabilities arising as a result of the preceding paragraph and such events occur prior to the termination of the Collateral Manager's appointment hereunder. For the avoidance of doubt, any right which the Collateral Manager may have to defend any claim relating to the indemnity under Clause 6.3 (*Indemnity by the Trust*), shall continue in full force and effect notwithstanding the appointment of a Successor Collateral Manager pursuant to Clause 5.5 (*Successor Collateral Manager*).

7. CONFIDENTIALITY

For the benefit of each party, the other party shall keep confidential any and all information obtained in connection with the services rendered hereunder (including the terms of this Agreement) and shall not disclose any such information to third parties which are not its Affiliates except:

- 7.1.1 as required by law, regulation, court order or as requested by any self-regulatory organisation, body or official having jurisdiction over the relevant party, as applicable;
- 7.1.2 to its professional advisors;
- 7.1.3 such information as shall have been publicly disclosed other than in violation of this Agreement; or
- 7.1.4 as provided for in this Agreement or as otherwise agreed between the parties hereto in writing.

Each Party's obligations under this Clause 7 shall survive the termination of this Agreement.

8. TERM AND TERMINATION

8.1. Term

Unless otherwise specified, this Agreement shall commence on the date hereof and shall continue in force until the termination of the Agreement.

8.2. Liability upon Termination

Any termination of this Agreement is without prejudice to accrued rights of either party and provisions intended to survive termination.

9. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

10. AMENDMENTS

The provisions of this Agreement may be waived or amended by the parties hereto at any time.

11. NOTICES

Any notice or demand to any party to be given, made or served for any purposes under this Agreement shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), telex or facsimile transmission or by delivering it by hand as follows:

If to the Collateral Manager to it at:

JOBEC Trade Finance Inc.

1173 Salmers Dr,
Oshawa, ON L1K0A9
Attention: President
Fax:
Email: pcook@tradecapfinance.com

If to the Trust to it at:

JOBEC Investments RT Ltd.

1173 Salmers Dr,
Oshawa, ON L1K0A9
Attention: President
Fax:
Email: pcook@tradecapfinance.com

or to such other address, telex or fax number as shall have been notified (in accordance with this Clause 10) to the other parties to this Agreement. A notice delivered as aforesaid on or prior to 12.00 p.m. Toronto time on a Business Day will be effective on such Business Day. A notice delivered after 12.00 p.m. Toronto time will be deemed effective on the next following Business Day.

12. COUNTERPARTS

This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

13. BINDING NATURE OF AGREEMENT; SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective personal representatives, successors and assigns as provided herein.

14. ENTIRE AGREEMENT

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

15. GOVERNING LAW AND JURISDICTION

15.1. Governing Law

This Agreement and all matters arising from or connected with this Agreement shall be governed by the laws of the Province of Ontario.

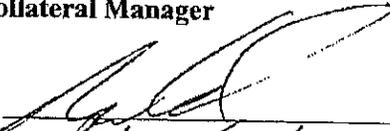
15.2. Jurisdiction of Courts

The courts of the Province of Ontario have exclusive jurisdiction to settle any dispute arising from or connected with this Agreement.

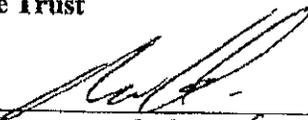
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This Agreement has been entered into on the date stated below with effect from the date stated at the beginning.

JOBEC TRADE FINANCE INC.
as Collateral Manager

Per: 
Name: Peter Cook
Title: President
Date Signed: July 26/13
I have authority to bind the Corporation

JOBEC INVESTMENTS RT LTD.
as the Trust

Per: 
Name: Peter Cook
Title: President
Date Signed: July 26/13
I have authority to bind the Corporation

SCHEDULE 1

Beneficiary Portfolio Criteria

"Eligible Receivable" means a receivable as to which all of the following characteristics are true as of the related any day (or as of such other date specified below):

Origination Standards. Such receivable was originated by the Collateral Manager in accordance with its internal guidelines;

- (a) Insurance or Letter of Credit/Guarantee. The receivable shall be an Eligible Receivable of the Beneficiary within an approved limit of Beneficiary credit as defined in a valid and enforceable policy of insurance indemnifying the Eligible Receivable vendor (and its assignees) against credit exposure loss in respect of at least 85% of that receivable OR the receivable shall be guaranteed through a letter of credit or letter of guarantee guaranteeing payment of the receivable or a satisfactory credit review, as determined by the Collateral Manager in its sole discretion, was performed.
- (b) Title. Immediately before the purchase under the purchase agreement between the Eligible Receivable vendor and the Trust, on behalf of a Beneficiary, and at the direction of the Collateral Manager (the "Purchase Agreement") and at the time of the transfer of such receivable to the Trust, the Eligible Receivable vendor has good and marketable title thereto and such receivable is free and clear of all "liens."
- (c) Collateral Classification. Such receivable constitutes either an "instrument" or an "intangible" under and as defined in the PPSA.
- (d) No Bankruptcy. As of the related date, neither the eligible receivable vendor, nor the Collateral Manager or the Trust has received notice that the obligor under such receivable has filed for bankruptcy, and to the best of the Eligible Receivable vendor's and the Collateral Manager's knowledge, as of the related date, the obligor under such receivable is not in bankruptcy or similar proceedings.
- (e) Binding Obligation. Such receivable includes rights and remedies allowing the holder to enforce the obligation and represents the genuine, legal, valid, and binding payment obligation of the related obligor, enforceable by the holder thereof in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally.
- (f) Terms of Receivable. Such receivable arises under a contract that (a) contains an obligation to pay a specified sum of money and is subject to no contingencies, discounts, rebates, set offs or offset rights (b) does not require the obligor under such contract to consent to the transfer, sale or assignment of the rights of an originator under such contract, (c) does not contain a confidentiality provision that purports to restrict the assignability or enforcement by any assignee of the related receivables or any purchaser's exercise of rights under the Purchase Agreement, including, without limitation, the right to review such contract, (d) has not been extended, rewritten or otherwise modified from its original terms.
- (g) No Fraud. No material error, omission, misrepresentation, negligence or fraud in respect of such receivable has taken place on the part of any Person in connection with the creation, apportionment, acquisition, servicing or sale of such receivable.



- (h) Marking of Servicer Computer Files. As of the related date, the Collateral Manager has clearly and unambiguously marked its computer files and any other applicable electronic records to indicate that such receivable has a unique identification code that is reflected on the records of the Collateral Manager and receivables scheduled hereto as being owned by the Trust, on behalf of a Beneficiary.



SCHEDULE 3.1
Services

The Collateral Manager may:

1. advise the Trust in relation to the investment and related portfolio evaluation and advisory services with respect to the Eligible Investments, the management and monitoring of the Eligible Investments in a manner consistent with the duties and obligations of the Trust under the Declaration of Trust;
2. advise the Trust in relation to the Eligible Investments with a view to ensuring that each Beneficiary Portfolio Criteria are met;
3. to the extent that it is within its power and when reasonably requested by the Trust, carrying out such calculations and/or determinations as may reasonably be required in respect of the Eligible Investments from time to time or supply information to, or otherwise assist, the Trust for the purpose of carrying out such calculations and/or determinations;
4. as required, service the Eligible Investments, including, (i) realizing on Eligible Investments, (ii) enforcing on Eligible Investments; (iii) selling, purchasing, trading or otherwise dealing with the Eligible Investments as the Collateral Manager determines as necessary; and (iv) any other services as may be reasonably determined as necessary or incidental to any of the above;
5. upon becoming aware of the same, notify the Trust in the event that a material adverse change in its business and/or operations has occurred or is continuing such that, as a result of such change, it no longer has the capacity or the competence to perform its obligations as Collateral Manager;
6. ensure that appropriately qualified employees or directors of the Collateral Manager carry out the Collateral Manager's duties pursuant to this Agreement; and
7. take reasonable care to avoid or omit taking any action by it hereunder which would:
 - (i) materially and adversely affect the Trust or any Beneficiary;
 - (ii) not be permitted under the Trust, or any Beneficiary's constitutive documents, to the extent that the Collateral Manager is in receipt of certified up-to-date copies thereof; or
 - (iii) violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Trust or any Beneficiary.



SCHEDULE 3.3
Fees

1. The fees payable to the Collateral Manager shall be eighty percent (80%) of the positive difference (if any) between the amount charged by the Collateral Manager on behalf of the Beneficiary to the relevant obligor and the stated coupon amount payable to Beneficiary investors, provided that any negative difference shall be deemed nil.



THIS AMENDMENT TO THE COLLATERAL MANAGEMENT AGREEMENT (this "Amendment") is made this 29 day of July, 2013 and amends the collateral management agreement entered into between **JOBEC Trade Finance Inc. ("JOBEC")** and **JOBEC Investments RT LTD.**, as bare trustee for the trust beneficiaries pursuant to a declaration of trust ("**JOBEC RT**") dated the 26th day of July, 2013 (the "**Collateral Management Agreement**").

WHEREAS pursuant to a declaration of trust dated July 26, 2013 (the "**Declaration of Trust**"), TFS RT has agreed to hold certain Assets (as defined in the Declaration of Trust) as bare trustee and nominee and solely in trust for certain beneficiaries listed on Schedule "B" to the Declaration of Trust (collectively the "**Beneficiaries**" and each a "**Beneficiary**").

AND WHEREAS pursuant to an amendment to the Declaration of Trust dated July 26, 2013, **SECURECARE INVESTMENTS INC. ("SecureCare")** became a Beneficiary with all of the rights and privileges attached thereto.

AND WHEREAS **JOBEC RT** and **JOBEC** wish to add Schedule 3.3 (SecureCare) to the Collateral Management Agreement in order to modify the payment terms as between **JOBEC** and **JOBEC RT** in its capacity as bare trustee for SecureCare, as contemplated by section 3.3 of the Collateral Management Agreement;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency is hereby acknowledged by the parties hereto, the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 In this Amendment, capitalized terms shall have the meanings set in the Collateral Management Agreement, unless the context requires otherwise.

1.2 The parties hereto agree that the recitals to this Amendment are true and correct in substance and in fact.

1.3 This Amendment amends the Collateral Management Agreement. This Amendment and the Collateral Management Agreement shall be read together and constitute one agreement with the same effect as if the amendments made by this amendment had been contained in the Collateral Management Agreement as of the effective date of this Amendment.

1.4 If there is a conflict or inconsistency between any provision of this Amendment and any provision of the Collateral Management Agreement, the relevant provision of this Amendment shall prevail to the extent of such conflict or inconsistency.

ARTICLE 2 **AMENDMENTS**

2.1 Schedule 3.3 to the Collateral Management Agreement is amended by adding Schedule 3.3 (SecureCare) attached hereto.

ARTICLE 3
GENERAL

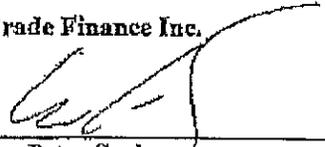
3.1 This Amendment shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

3.2 Except as amended by this Amendment, all terms, conditions, covenants, provisions, powers, matters and things whatsoever contained in the Collateral Management Agreement are hereby reaffirmed by the parties hereto and shall continue in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this Amendment on the date first written above.

JOBEC Trade Finance Inc.

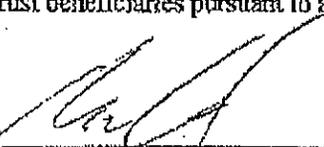
By: 

Name: Peter Cook

Title: President

I have authority to bind the corporation.

JOBEC Investments RT Ltd., as bare trustee for the trust beneficiaries pursuant to a declaration of trust

By: 

Name: Peter Cook

Title: President

I have authority to bind the corporation.

ACKNOWLEDGED BY:

SECURECARE INVESTMENTS INC.

By: 

Name: Peter Johannes

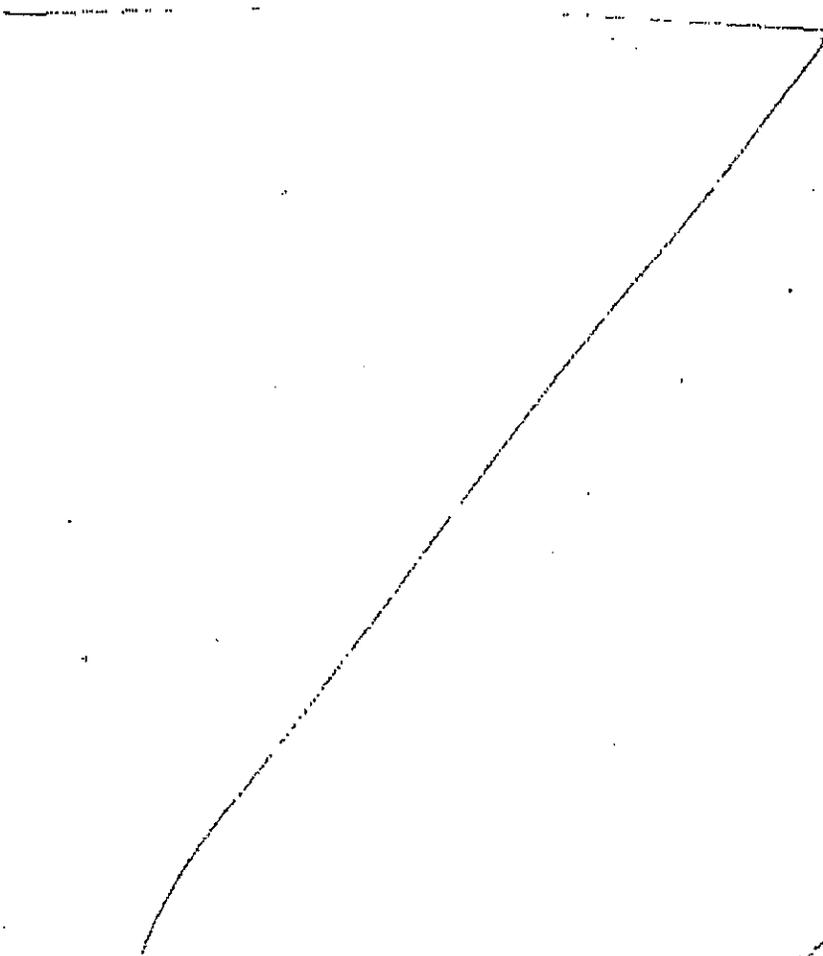
Title: President

I have authority to bind the corporation.

SCHEDULE 3.3 (SECURECARE)

In respect of the Assets (as defined in the Declaration of Trust) held by the Trust in trust for and on behalf of **SECURECARE INVESTMENTS INC.** ("SecureCare") as a beneficiary under the Declaration of Trust, the fee arrangement referred to in Section 3.3 of this Agreement shall be as follows:

For amounts advanced on or following July 29, 2013, on the last day of each month, the Trust shall pay to SecureCare 15% interest (calculated annually) on the outstanding amount advanced by SecureCare to the Trust.



Handwritten signature or initials.

TAB H

Court File No. 14-45812

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

2013395 ONTARIO LIMITED

Plaintiff

and

JOBEC TRADE FINANCE INC., JOBEC INVESTMENTS RT LTD.,
PETER WILLIAM COOK, and ROYAL BANK OF CANADA

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

IF YOU WISH TO DEFEND THIS PROCEEDING, but are unable to pay legal fees, legal aid may be available to you by contacting a local Legal Aid Office.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$2,000.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

Date: Feb 24, 14.

Issued by

~~SUE BURTON~~

Hamilton Court House
45 Main Street East, Suite 110
Hamilton, Ontario
L8N 2B7

To: JOBEC Trade Finance Inc.
1173 Salmers Drive
Oshawa, ON L1K 0A9

To: JOBEC Investments RT Ltd.
1173 Salmers Drive
Oshawa, ON L1K 0A9

And To: Peter William Cook
1173 Salmers Drive
Oshawa, ON L1K 0A9

And To: Royal Bank of Canada
7481 Woodbine Ave
Markham, ON L3R 2W1

CLAIM

1. The Plaintiff claims as against the Defendants, JOBEC Trade Finance Inc., JOBEC Investments RT Ltd., and Peter William Cook:
 - (a) Damages in the amount of \$5,000,000.00 for fraud, fraudulent misrepresentation, misappropriation, conversion, breach of contract, breach of duty of care and fiduciary duty;
 - (b) Aggravated and punitive damages in the amount of \$500,000.00;
 - (c) Restitution and disgorgement of the amount by which the Defendants have been unjustly enriched;
 - (d) An accounting of all assets, effects and property of the Defendants, including but not limited to any bank, brokerage or investment accounts and a declaration that all such assets, effects and properties are subject to a constructive trust in favour of the Plaintiff, such accounting to include details of all financial transactions between or among the Defendants, the Plaintiff, and such third parties as this Court may deem appropriate;
 - (e) An Order for equitable tracing of all funds received by the Defendants or any of them as a result of the fraud described hereinafter in this Statement of Claim, specifically including the tracing of monies that the Defendants obtained as a result of the fraud into and through any financial institution accounts or deposit facilities in the name of the Defendants, their agents or employees, or over which they have signing authority, and into or through any assets purchased by the Defendants with monies obtained by them as a result of the fraud and for delivery up to the Plaintiff of all assets;
 - (f) The appointment of a receiver or, in the alternative, an inspector pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, with full power to investigate the disposition of funds obtained by the Defendants

as a result of the fraud perpetrated against the Plaintiff including, but not limited to the power:

- (i) to investigate the whereabouts of such funds or assets, effects and property acquired with those funds;
 - (ii) once ascertained, to hold and preserve such funds, assets, effects or property pending further Order of the Court;
 - (iii) to compel the production of documents and examine third parties;
- (g) An interim and interlocutory injunction restraining the Defendants and such other persons or financial institutions as may be directed by this Court from removing, transferring, assigning, encumbering or otherwise disposing of or diminishing the value of assets or from assisting in any such transfer, assignment, encumbrance, disposition or diminution in value of assets that may be owned, controlled or held in the name of or on behalf of any of the Defendants, in any combination, or over which the Defendants have, or anyone of them has, signing authority, including, without limitation, the bank accounts at the financial institutions identified by the Plaintiff, without leave of the Court;
- (h) Pre-judgment and post-judgment interest in accordance with the *Courts of Justice Act, supra*, as amended;
- (i) The costs of this action together with all applicable taxes thereon; and
- (j) Such further and other relief as this Honourable Court deems just.

2. The Plaintiff claims as against the Defendant, Peter William Cook:

- (a) A declaration that this Defendant holds the property known municipally as 1173 Salmers Drive, Oshawa, Ontario, by a constructive trust for the Plaintiff;

- (b) An Order for the issuance and registration of a Certificate of Pending Litigation against title to the property known municipally as 1173 Salmers Drive, Oshawa, Ontario, owned by this Defendant, and more particularly described as:

PIN: 16272-1977 (LT)

Description: Block 172, Plan 40M2471; Subject to an easement for entry as in DR1100527; City of Oshawa

3. The Plaintiff claims as against the Defendant, Royal Bank of Canada:

- (a) An interim and interlocutory injunction restraining the Defendant from removing, transferring, assigning, encumbering or otherwise disposing of or diminishing the value of assets or from assisting in any such transfer, assignment, encumbrance, disposition or diminution in value of assets that may be owned, controlled or held in the name of or on behalf of any of the Defendants JOBEC Trade Finance Inc., JOBEC Investments RT Ltd., and Peter William Cook, in any combination, or over which said Defendants have, or anyone of them has, signing authority, including, without limitation, the bank accounts at the financial institutions identified by the Plaintiff, without leave of the Court;
- (b) An Order freezing all accounts owned, controlled, or held by the Defendants JOBEC Trade Finance Inc., JOBEC Investments RT Ltd., and Peter William Cook, pursuant to Section 437(2) of the *Bank Act*, S.C. 1991, c. 46.

A. The Parties

4. The Plaintiff, 2013395 Ontario Limited ("2013395"), is a corporation incorporated pursuant to the laws of Ontario, having its head office at 105 Main Street East, in Hamilton, Ontario.

5. The Defendant, JOBEC Trade Finance Inc. ("JOBEC"), is a corporation incorporated pursuant to the laws of Ontario, whose registered office address is 27 Allayden Drive, in Whitby, Ontario. At all material times, JOBEC was purportedly involved in the factoring and trade finance business.
6. The Defendant, JOBEC Investments RT Ltd. ("JOBEC Investments"), is a corporation incorporated pursuant to the laws of Ontario, whose registered office address is 1173 Salmers Drive, Oshawa, Ontario. At all material times, JOBEC Investments was a holding company incorporated in or about July 2013 for the sole or primary purpose of receiving deposits from either JOBEC or Cook, or both.
7. The Defendant, Peter William Cook ("Cook"), is an individual believed to be residing at 1173 Salmers Drive in Oshawa, Ontario. Cook was at all material times the President, Secretary, Treasurer and sole director of the Defendant, JOBEC. Cook is the controlling mind of JOBEC. Cook is also the sole director and the controlling mind of JOBEC Investments. Cook, either alone or in concert with individuals not known to the Plaintiff, orchestrated and implemented the fraud as hereinafter more particularly described.
8. The Defendant, Royal Bank of Canada ("RBC"), is a chartered bank carrying on business throughout Canada. Funds were wire transferred by the Plaintiff to JOBEC's RBC Account No. 30121029909 in the period April 2012 to January 2013, or thereabouts.
9. Subsequent to the Plaintiff's transfer of funds to JOBEC, Cook or JOBEC caused or required the transfer of some or all of these funds from JOBEC's account to other RBC accounts owned or controlled by JOBEC Investments or Cook, or both. The knowledge of JOBEC Investments regarding the source of these funds is one and the same as the knowledge of Cook.

B. Overview of the Claim

10. On the pretense that monies advanced by Daniel William Lawrie, ("Mr. Lawrie"), officer and director of 2013395, would be used to purchase blocks of receivables from operating companies, Cook obtained for a company he controlled, JOBEC, approximately \$1,400,000.00 from 2013395, Mr. Lawrie's investment holding company. To obtain these funds Cook made numerous fraudulent representations detailed below.
11. The money advanced by Mr. Lawrie was never used to purchase receivables from any operating company. Instead, it was simply misappropriated by Cook and his companies, JOBEC and JOBEC Investments, for their own benefit.

C. The Participation Agreements

12. On or about the 24th day of April, 2012, 2013395 and JOBEC entered into an agreement (the "Participation Agreement") pursuant to which JOBEC was to purchase accounts receivable from Greenlink-Canada AMLR Ltd. in the amount of \$400,000.00 and remit the full amount on the accounts to JOBEC (the "Factoring Agreement") for final remittance to 2013395.
13. The fundamental elements of the Participation Agreement were purported to be as follows:
 - (a) JOBEC was to purchase the accounts receivable of Greenlink-Canada AMLR Ltd. ("Greenlink") at an initial discount rate of 3.0 percent off the purchase price of the total receivable amount;
 - (b) The purchase price of the receivables, \$400,000.00 (the "Participation Payment"), was funded by 2013395;
 - (c) JOBEC was to collect from Greenlink the full amount on the outstanding accounts covered by the Factoring Agreement and remit all monies

received, after deducting management fees, to 2013395 in proportion to its Participation Payment (the "Compensation").

14. Between June 2012 and Jan 2013, 2013395 and JOBEC entered into five further agreements that operated in ways identical to the Greenlink Participation Agreement:

- (a) On or about the 21st day of June, 2012, 2013395 and JOBEC, entered into a Participation Agreement pursuant to which JOBEC was to purchase accounts receivable from ARTEX Environmental Corporation ("ARTEX") in the amount of \$200,000.00;
- (b) On or about the 21st day of September, 2012, 2013395 and JOBEC, entered into a Participation Agreement pursuant to which JOBEC was to purchase accounts receivable from ARTEX in the amount of \$200,000.00;
- (c) On or about the 26th day of September, 2012, 2013395 and JOBEC, entered into a Participation Agreement pursuant to which JOBEC was to purchase accounts receivable from Millwalk Enterprises Inc. ("Millwalk") in the amount of \$300,000.00; and
- (d) On or about the 19th day of December, 2012, 2013395 and JOBEC, entered into a Participation Agreement pursuant to which JOBEC was to purchase accounts receivable from Wapose Medical Services Inc. ("Wapose") in the amount of \$200,000.00.
- (e) On or about the 21st day of January, 2013, 2013395 and JOBEC, entered into a Participation Agreement pursuant to which JOBEC was to purchase accounts receivable from Wapose in the amount of \$100,000.00.

15. The advances made by the Plaintiff into JOBEC's RBC account ("Amount Advanced") can be summarized thusly:

| Factoring Agreement | Payment Date | Participation Payment |
|----------------------------|---------------------|------------------------------|
| Greenlink | April 24, 2012 | \$400,000.00 |

| | | |
|-------------------|--------------------|---------------------------|
| ARTEX | June 21, 2012 | \$200,000.00 |
| ARTEX | September 21, 2012 | \$200,000.00 |
| Millwalk | September 21, 2012 | \$300,000.00 |
| Wapose | December 20, 2012 | \$200,000.00 |
| Wapose | January 23, 2013 | \$100,000.00 |
| Total Due: | | \$1,400,000.00 CND |

D. ARTEX Guarantee and Fidelity Certificate

16. In consideration for 2013395 entering into the ARTEX Participation Agreement, JOBEC entered into a written guarantee (the "Guarantee") dated June 25, 2012, pursuant to which JOBEC unconditionally guaranteed prompt payment on default of all advances made by 2013395 to JOBEC, including interest after the date of demand for payment.
17. In addition to the ARTEX Participation Agreements and the Guarantee, Cook in his personal capacity, signed a document entitled "Fidelity Certificate", dated June 25, 2012. Detailed in the document was a representation that each account receivable that was the subject of the ARTEX Factoring Agreement was a "valid and bona fide sale".

E. Default and Demand

18. On or about May 9, 2013 2013395 received from JOBEC a payment in the amount of \$37,869.75, followed by a subsequent payment of \$50,000.00 received on or around December 20, 2013.
19. To date no further payments have been received by the Plaintiff.
20. Since receipt of the aforementioned payments in paragraph 18, the Plaintiff has made several demands for payment of the balance of the Amount Advanced and the Compensation contracted for under the Participation Agreements (the "Debt"). Cook has not disputed the amount owing and on various dates

throughout April and December 2013 made repeated promises that the Debt would be paid; each promise failing to materialize into a payment.

21. Reasons provided by Cook as to why payments were not made included, but were not limited to: tight cash flow, travel plans, attendance at training seminars or conferences, in meetings, family members in hospital, expansion of JOBEC, and appointment of JOBEC CFO.
22. In the period of November 2013 and January 2014, Cook made representations that INVICO Capital Corporation ("INVICO") would be buying out 2013395's position. Despite promises that the funds from INVICO would be transferred to 2013395, no payments were received.
23. In fact, the representations made by Cook in relation to INVICO's investments were false or misleading statements intended to induce and persuade the Plaintiff to delay acting to enforce its rights and to give Cook time to organize the affairs and assets of JOBEC, all so as to preclude or make more difficult the recovery of the amount outstanding by the Plaintiff.

F. Cook Fraudulently Misrepresented the Existence of Factoring Agreements

24. Cook represented that JOBEC entered into Factoring Agreements with each of Greenlink, ARTEX, Millwalk and Wapose (collectively, "the Clients"), for the purchase of accounts receivable.
25. The recitals of the Participation Agreement providing, in part, as follows:

JOBEC has entered into the Factoring Agreement (defined below) with Client (defined below) pursuant to which JOBEC purchases Accounts (defined below) from Client, or will make Advances (defined below) to Client secured by the Collateral (defined below).

The Funding Participant desires to acquire from JOBEC, and JOBEC desires to sell to the Funding Participant, Participation Amounts (defined below) in JOBEC's factoring relationship with the Client, as set forth in the Factoring Agreement, upon the terms and conditions set forth herein.

26. In fact, Cook's representation were false; there were no Factoring Agreements between JOBEC and the Clients, or if they existed funds were not advanced for the purchase of accounts receivables from those businesses in those amounts.
27. Instead, Cook improperly and fraudulently diverted the Participation Payments for his own benefit and to the detriment of the Plaintiff.
28. Cook knew or ought to have known that the Factoring Agreements he submitted purporting to represent the Plaintiff's investments in those amounts when no such agreements existed between JOBEC and the Clients were false and misleading. Cook knew or ought to have known that the Plaintiff was relying on the Factoring Agreements and the fraudulent misrepresentations of Cook in approving ongoing investments. In so doing, the Plaintiff relied to its detriment on the fraudulent misrepresentations, and has suffered substantial losses for which JOBEC and Cook are liable.

G. Cook Misappropriated the Participation Payments and Converted the Funds to His Own Use

29. Cook misappropriated and converted to his own improper and fraudulent purposes the Amounts Advanced from the Plaintiff obtained as a result of the fraudulent misrepresentation, resulting in losses to the Plaintiff for which Cook and JOBEC are liable.
30. Cook effected the misappropriation by:
 - (a) Advising the Plaintiff that he had invested the Participation Payments into Factoring Agreements when Cook knew or ought to have known that no such agreements existed; and
 - (b) Deducting payments for the management of the Factoring Agreements, when no such agreements existed and thus no management services were rendered;

J. JOBEC, JOBEC Investments, and Cook have been Unjustly Enriched

37. JOBEC Investments received all or some of the funds paid by the Plaintiff to JOBEC with full knowledge of Cook's and JOBEC's fraudulent and wrongful acts.
38. As a consequence of the fraudulent misappropriation of funds from the Plaintiff, JOBEC, JOBEC Investments, and Cook have been unjustly enriched to the detriment of the Plaintiff and for no juristic reason.
39. JOBEC, JOBEC Investments, and Cook ought to be required to compensate the Plaintiff for such unjust enrichment or be required to disgorge to the Plaintiff the Participation Payments received as a result of the fraudulent conduct.

K. The Plaintiff is Entitled to a Constructive Trust and Tracing of Accounts

40. The wrongful conduct of JOBEC and Cook described throughout this Statement of Claim justifies the imposition of a constructive trust on:
 - (a) all funds misappropriated by JOBEC and Cook from the Plaintiff;
 - (b) all interest accrued or that would otherwise have accrued on such funds referred to immediately above;
 - (c) any real or personal property or chose in possession and any accrued value which has been purchased using the misappropriated funds.
41. The Plaintiff requests that the Court order a tracing and accounting of the funds and property which are the subject of the constructive trust.
42. The Plaintiff submits that the Participation Payments made into JOBEC's RBC account have not been dissipated but remain in a form of cash or can be traced into an asset that can be identified so as to permit the Plaintiff to identify and recover the financial losses and damages which it has sustained as a result of the fraud.

L. The Plaintiff is Entitled to Aggravated and Punitive Damages

43. The conduct of Cook and JOBEC described throughout this Statement of Claim was high-handed, malicious, reprehensible, and departed to a marked degree from the ordinary standards of decent behaviour and constitutes a separately actionable wrong deserving of sanction by this Court. As such, the Plaintiff is entitled to aggravated and punitive damages.
44. The Plaintiff requests that the trial of this action be held in Hamilton, in the Province of Ontario.

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
One Main Street West
Hamilton, ON L8P 4Z5

Gary D. Graham (#21673D)
Tel: 905-540-3255
Fax: 905-523-2507

Lawyers for the Plaintiff

2013395 ONTARIO LIMITED

Plaintiff

v.

JOBEC TRADE FINANCE INC., JOBEC INVESTMENTS RT
LTD., PETER WILLIAM COOK, and ROYAL BANK OF
CANADA
Defendant

Court File No. - 14-45812

ONTARIO
SUPERIOR COURT OF JUSTICE

Received / Filed
Hamilton Court Services
Proceeding commenced at Hamilton

FEB 24 2014

Superior Court of Justice
Civil Division

CERTIFIED TO BE A TRUE COPY OF THE
ORIGINATING PROCESS ISSUED HEREIN


Signature, for Plaintiff / Applicants

STATEMENT OF CLAIM

gowlings

Gowling Lafleur Henderson LLP
Barristers & Solicitors
One Main Street West
Hamilton, Ontario L8P 4Z5

Gary D. Graham (#21673D)
Tel: 905-540-3255
Fax: 905-523-2507

Lawyers for the Plaintiff

TAB I



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

February 3, 2014 to March 3, 2014

JOBEC INVESTMENTS RT LTD.
1173 SALMERS DR
OSHAWA ON L1K 0A9

Account number: **07212 101-979-3**

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada

1635 AVENUE RD, TORONTO, ON M5M 3X8

| | |
|-------------------------------------|----------------|
| Opening balance on February 3, 2014 | \$62,221.31 |
| Total deposits & credits (1) | + 519,527.79 |
| Total cheques & debits (50) | - 334,994.32 |
| Closing balance on March 3, 2014 | = \$246,754.78 |

Have your business needs changed? We can help.

Let us help identify opportunities to take your business to the next level, whether it's making your cash flow cycle more efficient or helping to set the stage for future growth. Your account manager would be pleased to help, or call an RBC Business Advisor at 1-800-769-2520.

Account Activity Details

| Date | Description | Cheques & Debits (\$) | Deposits & Credits (\$) | Balance (\$) |
|--------|---|-----------------------|-------------------------|--------------|
| | Opening balance | | | 62,221.31 |
| 03 Feb | Regular transaction fee 12 Drs @ 1.00 4 Crs @ 1.00 | 16.00 | | |
| | Electronic transaction fee 42 Drs @ 0.60 | 25.20 | | |
| | Items on deposit fee 3 ID @ 0.20 | 0.60 | | |
| | In branch cash deposited fee \$1800 CD @2.35M | 4.23 | | 62,175.28 |
| 05 Feb | Cheque - 48 | 30,000.00 | | 32,175.28 |
| 06 Feb | INTERAC e-Transfer - 4418 | 500.00 | | |
| | INTERAC e-Transfer - 6780 | 2,000.00 | | |
| | INTERAC e-Transfer - 8449 | 2,500.00 | | |
| | INTERAC e-Transfer fee | 1.50 | | |
| | INTERAC e-Transfer fee | 1.50 | | |
| | INTERAC e-Transfer fee | 1.50 | | 27,170.78 |
| | ATM withdrawal - SH534470 | 200.00 | | |

Business Account Statement



February 3, 2014 to March 3, 2014
Account number: 07212 101-979-3

Account Activity Details - continued

| Date | Description | Cheques & Debits (\$) | Deposits & Credits (\$) | Balance (\$) |
|--------|---|-----------------------|-------------------------|--------------|
| 06 Feb | Online Banking payment - 5529 CAPITAL ONE M/C | 10.00 | | |
| | Online Banking payment - 9322 LOWES CANADA | 75.00 | | |
| | Online Banking payment - 5946 CAPITAL ONE M/C | 100.00 | | |
| | Online Banking payment - 9038 BELL MOBILITY | 165.52 | | |
| | Online Banking payment - 9227 ENBRIDGE | 184.35 | | |
| | Online Banking payment - 6638 DURHAM-WATER | 192.44 | | |
| | Online Banking payment - 5754 CAPITAL ONE M/C | 300.00 | | |
| | Online Banking payment - 5163 OSHAWA-PUC | 301.68 | | |
| | Online Banking payment - 9808 VISA - CIBC | 500.00 | | |
| | Online Banking payment - 5791 AMEX REGULAR | 1,000.00 | | |
| | Online Banking payment - 6863 MBNA-MASTERCARD | 2,000.00 | | |
| | Online Banking payment - 3546 MOSAIK MASTERCD | 7,000.00 | | |
| | Online Banking transfer - 5487 | 100.00 | | 15,041.79 |
| 07 Feb | Interac purchase - 2124 DOWN EAST DONAI | 38.42 | | |
| | Cheque - 49 | 2,500.00 | | 12,503.37 |
| 10 Feb | Cheque - 47 | 6,900.00 | | 5,603.37 |
| 11 Feb | INTERAC e-Transfer - 4868 | 500.00 | | |
| | INTERAC e-Transfer fee | 1.50 | | 5,101.87 |
| 12 Feb | INTERAC e-Transfer - 9435 | 300.00 | | |
| | INTERAC e-Transfer - 4166 | 500.00 | | |
| | INTERAC e-Transfer - 3726 | 2,000.00 | | |
| | INTERAC e-Transfer fee | 1.50 | | |
| | INTERAC e-Transfer fee | 1.50 | | |
| | INTERAC e-Transfer fee | 1.50 | | 2,297.37 |
| | BR TO BR - 0009 | | 519,527.79 | |
| | Online Banking payment - 0477 LOWES CANADA | 100.00 | | |
| | Online Banking payment - 9252 VISA - CIBC | 1,000.00 | | |
| | Online Banking payment - 3184 AMEX REGULAR | 2,000.00 | | |
| | Online Banking payment - 3875 MBNA-MASTERCARD | 2,000.00 | | |
| | Online Banking payment - 9532 MOSAIK MASTERCD | 3,000.00 | | |
| | Online Banking payment - 9100 MOSAIK MASTERCD | 5,000.00 | | |
| | Cheque - 71 | 8,659.38 | | |
| | Cheque - 72 | 70,000.00 | | 430,065.78 |



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

February 3, 2014 to March 3, 2014
Account number: 07212 101-979-3

Account Activity Details - continued

| Date | Description | Cheques & Debits (\$) | Deposits & Credits (\$) | Balance (\$) |
|--------|-----------------|-----------------------|-------------------------|--------------|
| 13 Feb | Cheque - 61 | 10,000.00 | | |
| | Cheque - 63 | 30,000.00 | | |
| | Cheque - 64 | 50,000.00 | | 340,065.78 |
| | Cheque - 30 | 3,311.00 | | |
| | Cheque - 60 | 10,000.00 | | |
| | Cheque - 67 | 80,000.00 | | 246,754.78 |
| | Closing balance | | | 246,754.78 |

Account Fees: \$56.53

Important Account Information

RBC Business Advisors are available 24 hours a day, 7 days a week

Our team of business advisors are available whenever you need them.

Call us at 1-800-769-2520 for:

- Business account transaction information
- Credit and debit card processing solutions
- Your nearest ATM or Night Deposit location
- Help with your personal banking needs
- And more

Please check this Account Statement without delay and advise us of any error or omission within 45 days of the statement date.
An image included on this Account Statement does not indicate that a cheque has been successfully processed as of the statement date.
Please retain this statement for your records. Additional copies will be subject to a nominal fee.
®Registered trademarks of Royal Bank of Canada.
Royal Bank of Canada GST Registration Number: R105240165.

Business Account Statement



February 3, 2014 to March 3, 2014
Account number: 07212 101-979-3

Serial #: 30 Amount: \$3,311.00

JOBEC INVESTMENTS RT LTD. 000030
1175 BALMAIN DR
OHLAWA ON
L7R4P9
DATE 2014-02-13

PAY TO THE ORDER OF Red Enterprises \$ 3311.00
Three thousand three hundred eleven DOLLARS

ROYAL BANK OF CANADA
1175 BALMAIN DR
TORONTO, ON M6H 3K8

JOBEC INVESTMENTS RT LTD.
M. [Signature]

#000030# 07212-0030 101-979-3# #0000331100#

FOR DEPOSIT ONLY TO
READ ENTERPRISES
00102 (04) 0000211024

POSTED 1024

0500157306

Serial #: 47 Amount: \$6,900.00

JOBEC INVESTMENTS RT LTD. 000047
1175 BALMAIN DR
OHLAWA ON
L7R4P9
DATE 2014-02-06

PAY TO THE ORDER OF Silvana Castaneda \$ 6900.00
Six thousand nine hundred DOLLARS

ROYAL BANK OF CANADA
1175 BALMAIN DR
TORONTO, ON M6H 3K8

JOBEC INVESTMENTS RT LTD.
M. [Signature]

#000047# 07212-0030 101-979-3# #0000690000#

FOR DEPOSIT ONLY TO
READ ENTERPRISES
00102 (04) 0000211024

POSTED 1024

0500157306

Serial #: 48 Amount: \$30,000.00

JOBEC INVESTMENTS RT LTD. 000048
1175 BALMAIN DR
OHLAWA ON
L7R4P9
DATE 2014-01-31

PAY TO THE ORDER OF The Cash House \$ 30,000.00
Thirty thousand DOLLARS

ROYAL BANK OF CANADA
1175 BALMAIN DR
TORONTO, ON M6H 3K8

JOBEC INVESTMENTS RT LTD.
M. [Signature]

#000048# 07212-0030 101-979-3# #0003000000#

FOR DEPOSIT ONLY TO
READ ENTERPRISES
00102 (04) 0000211024

POSTED 1024

0500157306

Serial #: 49 Amount: \$2,500.00

JOBEC INVESTMENTS RT LTD. 000049
1175 BALMAIN DR
OHLAWA ON
L7R4P9
DATE 2014-02-01

PAY TO THE ORDER OF Nabela Danner \$ 2500.00
Two thousand five hundred DOLLARS

ROYAL BANK OF CANADA
1175 BALMAIN DR
TORONTO, ON M6H 3K8

JOBEC INVESTMENTS RT LTD.
M. [Signature]

#000049# 07212-0030 101-979-3# #0000250000#

FOR DEPOSIT ONLY TO
READ ENTERPRISES
00102 (04) 0000211024

POSTED 1024

0500157306



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

February 3, 2014 to March 3, 2014
Account number: 07212 101-979-3

Serial #: 60 Amount: \$10,000.00

000080
 DATE 2014-02-12
 PAY TO: Green Gills \$ 10,000.00
 FOR DEPOSIT ONLY
 ROYAL BANK OF CANADA
 10000800 007212-0030 101-979-30 0001000000

08732
 07212 101-979-30
 BACKVERSO

Serial #: 61 Amount: \$10,000.00

000081
 DATE 2014-02-12
 PAY TO: Prima Time MESSERGER \$ 10,000.00
 FOR DEPOSIT ONLY
 ROYAL BANK OF CANADA
 10000810 007212-0030 101-979-30 0001000000

BACKVERSO

Serial #: 63 Amount: \$30,000.00

000083
 DATE 2014-02-13
 PAY TO: 1900396 Ontario Limb \$ 30,000.00
 FOR DEPOSIT ONLY
 ROYAL BANK OF CANADA
 10000830 007212-0030 101-979-30 0003000000

7212 1019876
 BACKVERSO

Serial #: 64 Amount: \$50,000.00

000084
 DATE 2014-02-13
 PAY TO: Vantas Alliance Corp \$ 50,000.00
 FOR DEPOSIT ONLY
 ROYAL BANK OF CANADA
 10000840 007212-0030 101-979-30 0005000000

07212 10070275
 BACKVERSO

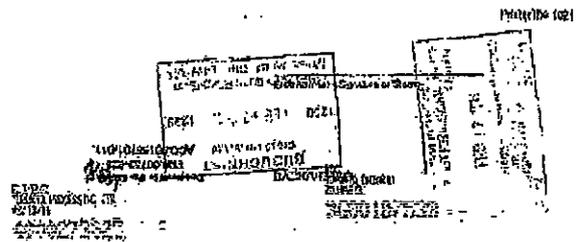
Business Account Statement



February 3, 2014 to March 3, 2014
Account number: 07212 101-979-3

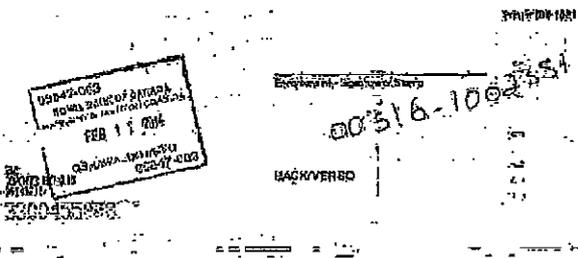
Serial #: 67 Amount: \$80,000.00

JOBEC INVESTMENTS RT LTD. 000057
 1175 BATHURST ST.
 OTTAWA ON
 K1R6A1
 DATE 2014-02-12
 PAY TO THE ORDER OF THE CASH HOUSE \$ 80,000.00
KATHY FORDMAN
 DOLLARS 80,000
 ROYAL BANK OF CANADA
 1175 BATHURST ST. CHATFIELD BRANCH
 OTTAWA ON K1R6A1
 JOBEC INVESTMENTS RT LTD.
 [Signature]
 #000057# 07212-003# 101-979-3# #000000000#



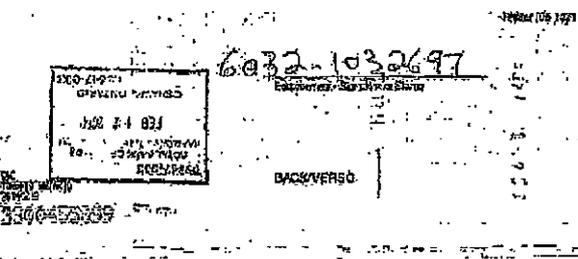
Serial #: 71 Amount: \$8,659.38

JOBEC INVESTMENTS RT LTD. 000071
 1175 BATHURST ST.
 OTTAWA ON
 K1R6A1
 DATE 2014-02-12
 PAY TO THE ORDER OF James C. Smith Inc \$ 8,659.38
James C. Smith Inc
 DOLLARS 8,659.38
 ROYAL BANK OF CANADA
 1175 BATHURST ST. CHATFIELD BRANCH
 OTTAWA ON K1R6A1
 JOBEC INVESTMENTS RT LTD.
 [Signature]
 #000071# 07212-003# 101-979-3# #0000865938#



Serial #: 72 Amount: \$70,000.00

JOBEC INVESTMENTS RT LTD. 000072
 1175 BATHURST ST.
 OTTAWA ON
 K1R6A1
 DATE 2014-02-12
 PAY TO THE ORDER OF TES RT, INC \$ 70,000.00
TES RT, INC
 DOLLARS 70,000
 ROYAL BANK OF CANADA
 1175 BATHURST ST. CHATFIELD BRANCH
 OTTAWA ON K1R6A1
 JOBEC INVESTMENTS RT LTD.
 [Signature]
 #000072# 07212-003# 101-979-3# #000700000#



TAB J

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

2013395 ONTARIO LIMITED

Plaintiff

and

JOBEC TRADE FINANCE INC., JOBEC INVESTMENTS RT LTD.,
PETER WILLIAM COOK and ROYAL BANK OF CANADA

Defendants

**STATEMENT OF DEFENCE AND COUNTERCLAIM
AND CROSSCLAIM OF THE DEFENDANTS
JOBEC TRADE FINANCE INC., JOBEC INVESTMENTS RT LTD.
and PETER WILLIAM COOK**

1. Except as expressly hereinafter admitted the Defendants Jobec Trade Finance Inc. ("Jobec"), Jobec Investments RT Ltd. ("Jobec Investments") and Peter William Cook ("Cook") deny each and every allegation contained in the Statement of Claim (the "Claim") and put the plaintiff to the strict proof thereof. In particular, Jobec, Jobec Investments and Cook specifically deny that the plaintiff is entitled to the relief claimed in paragraph 1 of the Claim.
2. Jobec is a corporation incorporated pursuant to the laws of the Province of Ontario and carries on a factoring and trade finance business. In particular, Jobec, in consideration of the fees specified in a factoring agreement, advances monies to various clients on the security of the clients' accounts receivables. Such receivables are then assigned to Jobec and collected by it.

3. The plaintiff is a corporation incorporated pursuant to the laws of the Province of Ontario. Daniel Lawrie (“Lawrie”) is an officer, director and the directing mind of the plaintiff. Lawrie and Cook are well known to each other as they have been business associates for approximately five years.
4. Lawrie wished to participate in Jobec’s factoring and trade finance business in order to enhance the returns on his personal funds. Accordingly, between in or about April 2012 and in or about January 2013, the plaintiff and Jobec entered into the Participation Agreements referred to in the Claim. Cook denies that a fiduciary relationship existed between him and the plaintiff as a consequence of the Participation Agreements between the plaintiff and Jobec.
5. Pursuant to the provisions of the Participation Agreements, the plaintiff advanced approximately \$1,400,000.00 to Jobec which used the funds to finance the accounts receivable of the clients identified in the Participation Agreements.
6. Jobec Investments is a corporation incorporated pursuant to the laws of the Province of Ontario and also carries on a factoring and trade finance business. The plaintiff’s allegation in the Claim that “at all material times, Jobec Investments was a holding company... for the sole or primary purpose of receiving deposits from either Jobec or Cook, or both” is false. At no time did Jobec Investments receive from Jobec or others any of the funds advanced by the plaintiff to Jobec pursuant to the Participation Agreements between them.
7. Cook specifically denies the plaintiff’s allegations in the Claim that Cook, either alone or in concert with others, perpetrated a fraud against the plaintiff as described in the Claim or otherwise. In particular, the following allegations of the plaintiff are not true:

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- (i) there were no factoring agreements between Jobec and the clients identified in the Claim;
 - (ii) Cook misappropriated the plaintiff's funds and converted such funds to his own use to the detriment of the plaintiff;
 - (iii) Cook fraudulently misrepresented to the plaintiff that its investments were being used to finance the accounts receivables of various clients of Jobec;
 - (iv) the plaintiff's funds were not used to make legitimate investments, that is, to purchase accounts receivable from various Jobec clients for the benefit of the plaintiff;
 - (v) Jobec, Jobec Investments and Cook have been unjustly enriched to the detriment of the plaintiff and for no juristic reason;
 - (vi) Jobec Investments received all or some of the funds paid by the plaintiff to Jobec; and
 - (vii) the plaintiff is entitled to a constructive trust and a tracing of accounts as pleaded in paragraphs numbered 40, 41 and 42 of the Claim.
8. Pursuant to the provisions of the Participation Agreements referred to above, the terms of the agreement "continue indefinitely until one of [the plaintiff or Jobec] receives from the other by registered mail a notice of termination of no less than sixty [60] days." The Participation Agreements further provided that on the delivery of the notice of termination, the plaintiff would be paid back its monies from collections of the accounts receivables of

Jobec's clients. At no time did then plaintiff ever deliver to Jobec a notice of termination as required by the provisions of Participation Agreements. Accordingly, the plaintiff is not entitled to the return of its funds until the proper notice of termination of the Participation Agreements is delivered to Jobec.

9. Jobec, Jobec Investments and Cook deny that the plaintiff has suffered the damages as alleged or at all. In the alternative, if the plaintiff did suffer the damages alleged (which is not admitted but is denied) the damages were neither caused nor contributed to by Jobec, Jobec Investments or Cook and Jobec, Jobec Investments and Cook are not responsible in any way for those damages.
10. In the further alternative, if the plaintiff did suffer the damages alleged (which is not admitted but is denied) the damages claimed are excessive, remote, not caused by any acts or omissions on the part of Jobec, Jobec Investments or Cook, and are not recoverable at law or an equity.
11. Further, the plaintiff has failed to take reasonable steps to mitigate its damages.
12. Jobec, Jobec Investments and Cook therefore request that this Honourable Court dismiss this action with costs on a substantial indemnity basis.

COUNTERCLAIM

13. Jobec, Jobec Investments and Cook claim against the plaintiff:
 - (a) damages in the amount of \$500,000.00 or such further amount as may be proved at trial for invasion of privacy;

-5-

- (b) an interim, interlocutory and permanent injunction restraining the plaintiff from freezing or otherwise interfering with the bank accounts owned, controlled or held by Jobec Investments at the Avenue Road and Cranbrooke Avenue branch (the “Branch”) of the defendant Royal Bank of Canada (“RBC”) or at the branches of any other financial institution;
- (c) an interim, interlocutory and permanent mandatory Order directing the plaintiff to instruct RBC to lift the freeze imposed on Jobec Investments’ bank account numbered 07212-1019793 at the Branch;
- (d) prejudgement and postjudgement interest in accordance with sections 127, 128 and 129 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended;
- (e) all applicable taxes with respect to the amounts claimed above;
- (f) their costs of the counterclaim on a substantial indemnity basis; and
- (g) such further and other relief as to this Honourable Court may seem just.

14. Jobec, Jobec Investments and Cook repeat and rely upon the allegations in their Statement of Defence.

15. By Statement of Claim issued on February 5, 2014 (the “Initial Action”), the plaintiff sued Jobec, Cook and RBC for the identical damages on account of the identical causes of actions as advanced in the plaintiff’s proceedings herein. After service upon RBC of the Statement of Claim in the Initial Action, RBC improperly froze Jobec Investments’ bank

- account at the Branch notwithstanding that no claim was being advanced against Jobec Investments in the Initial Action.
16. By email dated February 21, 2014, counsel for Jobec Investments and Cook advised RBC's manager at the Branch that Jobec Investments' bank account had been improperly frozen as it was not a party in the Initial Action and that no Court Order freezing or otherwise affecting Jobec Investments' bank accounts had been obtained in the Initial Action.
 17. In circumstances unknown to Jobec, Jobec Investments and Cook, RBC thereafter advised the plaintiff or its counsel of the particulars set out in the aforesaid email of February 21, 2014 from counsel for Jobec Investments and Cook. RBC further advised the plaintiff or its counsel that there were no or minimal funds on deposit in the account of Jobec at the Branch, but that approximately \$250,000.00 was on deposit in the account of Jobec Investments at the Branch. Such disclosures constituted an egregious breach of Jobec's, Jobec Investments' and Cook's privacy and was in contravention of the provisions of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended ("PIPEDA").
 18. Following the gross invasion of privacy of Jobec's, Jobec Investments' and Cook's financial affairs, the plaintiff immediately discontinued the Initial Action and initiated the current proceedings in which Jobec Investments was added as a defendant.
 19. The funds currently on deposit in Jobec Investments' bank account at the Branch are part of approximately \$500,000.00 of funds advanced to Jobec Investments on February 12, 2014 by Invico Alternative Financing LP pursuant to a Participation Agreement dated February

- 11, 2014 to finance the accounts receivable of Jobec Investments' client, Benefit Access CDA Inc. ("Benefit Access").
20. The plaintiff has wrongfully refused to instruct RBC to lift the freeze on Jobec Investments' bank account at the Branch. As indicated above, Jobec Investments has not received any of the funds advanced by the plaintiff to Jobec pursuant to the Participation Agreements between them. The plaintiff has no relationship whatsoever with Jobec Investments and no entitlement to any of its assets.
21. As a consequence of the freeze of Jobec Investments' bank account, numerous cheques were dishonoured and the financial reputations of Jobec, Jobec Investments and Cook have been adversely impaired. Moreover, without use of the funds on deposit, Jobec Investments has defaulted on its agreement to fund the accounts receivable of its customer, Benefit Access. Finally, without use of the funds on deposit, Jobec Investments and Cook have lost various business opportunities. Jobec, Jobec Investments and Cook have suffered damages in the amount of \$500,000.00 or such other amount as may be proved at trial on account of the breaches of their privacy.
22. Jobec, Jobec Investments and Cook plead and rely upon the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended.
23. The plaintiff requests that the trial of this counterclaim be held in Hamilton, in the Province of Ontario.

CROSSCLAIM

24. Jobec, Jobec Investments and Cook claim against the RBC:

-8-

- (a) damages in the amount of \$500,000.00 or such further amount as may be proved at trial for invasion of privacy;
- (b) an interim, interlocutory and permanent mandatory Order directing RBC to lift the freeze which it has imposed on the bank accounts owned, controlled or held by Jobec Investments at the Branch of RBC, including bank account numbered 07212-1019793, or at any other branches of RBC and to honour any cheques written on such bank accounts;
- (c) an interim, interlocutory and permanent injunction restraining RBC from in any way interfering with the operation of the bank accounts owned, controlled or held by Jobec Investments at the Branch of RBC or at any other branches of RBC;
- (d) prejudgement and postjudgement interest in accordance with sections 127, 128 and 129 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended;
- (e) all applicable taxes with respect to the amounts claimed above;
- (f) their costs of the crossclaim on a substantial indemnity basis; and
- (g) such further and other relief as to this Honourable Court may seem just.

25. Jobec, Jobec Investments and Cook repeat and rely upon the allegations in their Statement of Defence and Counterclaim.

26. After service upon RBC of the Statement of Claim in the Initial Action, RBC improperly froze Jobec Investments' bank account at the Branch and dishonoured cheques written

from such account notwithstanding that no claim was being advanced against Jobec Investments in the Initial Action.

27. By email dated February 1, 2014, counsel for Jobec Investments and Cook advised RBC's manager at the Branch that Jobec Investments' bank account had been improperly frozen as it was not a party in the Initial Action and that no Court Order freezing or otherwise affecting Jobec Investments' bank account had been obtained in the Initial Action.
28. Counsel for Jobec Investments and Cook further requested RBC to immediately lift the freeze which it had imposed on Jobec Investments' bank account at the Branch and to honour cheques written against it. RBC was further advised that its improper conduct had already impaired and would continue to impair Jobec Investments' and Cook's business affairs and reputations.
29. RBC did not lift the freeze imposed upon Jobec Investments' bank account at the Branch nor honour the cheques written against it. Instead, RBC advised the plaintiff or its counsel of the particulars set out in the aforesaid email dated February 21, 2014 from counsel for Jobec Investments and Cook. Furthermore, in circumstances unknown to Jobec, Jobec Investments and Cook, RBC advised the plaintiff or its counsel that there were no or minimal funds on deposit in the account of Jobec at the Branch, but that approximately \$250,000.00 was on deposit in the account of Jobec Investments at the Branch. Such disclosures constituted an egregious breach of Jobec's, Jobec Investments' and Cook's privacy and was in contravention of the provisions of the PIPEDA.

30. Following of the gross invasion of Jobec's, Jobec Investments' and Cook's financial affairs, the plaintiff immediately discontinued the Initial Action and initiated the current proceedings in which Jobec Investments was added as a defendant.
31. RBC wrongfully continues to refuse to lift the freeze on Jobec Investments' bank account at the Branch and to honour the cheques written against it.
32. As a consequence of the freeze of Jobec Investments' bank account, numerous cheques were dishonoured and the financial reputation of Jobec, Jobec Investments and Cook have been adversely impaired. Moreover, without use of the funds on deposit, Jobec Investments has defaulted on its agreement to fund the accounts receivable of its customer, Benefit Access. Finally, without use of the funds on deposit, Jobec Investments and Cook have lost various business opportunities. Jobec, Jobec Investments and Cook have suffered damages in the amount of \$500,000.00 or such other amount as may be proved at trial on account of the breaches of their privacy.
33. Jobec, Jobec Investments and Cook plead and rely upon the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended.
34. The plaintiff requests that the trial of this counterclaim be held in Hamilton, in the Province of Ontario

-11-

RICKETTS, HARRIS LLP

Barristers & Solicitors
181 University Avenue
Suite 816
Toronto ON M5H 2X7

Allan Sternberg (17158M)

Fax: 647.260.2226
asternberg@rickettsharris.com

Tel: 416.364.6211

Fax: 416.364.1697

Lawyers for the Defendants/Plaintiffs by
Counterclaim/Plaintiffs by Crossclaim
Jobec Trade Finance Inc., Jobec Investments
RT Ltd. and Peter William Cook

TO: GOWLING LAFLEUR HENDERSON LLP

Barristers & Solicitors
One Main Street West
Hamilton, ON L8P 4Z5

Gary D. Graham (21673D)

Tel: 905.540.3255

Fax: 905.523.2507

Philip Kennedy (45444D)

Tel: 905.540.3242

Fax: 905.979-2366

Lawyers for the Plaintiff/ Defendant
to the Counterclaim

AND TO: MINDEN GROSS LLP

145 King Street West,
Suite 2200
Toronto, ON M5H 4G2

Catherine Francis (26900N)

Tel: 416.369.4137

Fax: 416.864.9223

Lawyers for the Defendant/Defendant
to the Crossclaim Royal Bank of Canada

2013395 ONTARIO LIMITED
Plaintiff

-and-

JOBEC TRADE FINANCE INC. et al.
Defendants

Court File No. 14-45812

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
HAMILTON

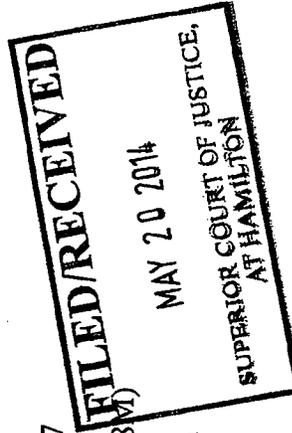
**STATEMENT OF DEFENCE AND COUNTERCLAIM
AND CROSSCLAIM OF THE DEFENDANTS**
**JOBEC TRADE FINANCE INC., JOBEC
INVESTMENTS RT LTD. and PETER WILLIAM COOK**

RICKETTS, HARRIS LLP
Barristers & Solicitors
181 University Avenue
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Toronto ON M5H 2X7

Allan Sternberg (1715844)
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asternberg@rickettsharris.com

Tel: 416.364.6211
Fax: 416.364.1697

Lawyers for the Defendants/Plaintiffs by Counterclaim/
Plaintiffs by Crossclaim Jobec Trade Finance Inc., Jobec
Investments RT Ltd. and Peter William Cook



TAB K

Paul Michell

From: Paul Michell
Sent: February-12-15 2:17 PM
To: 'Lisa S. Corne'; Kraft, Kenneth
Cc: Allan Nackan; Spencer Coupland (scoupland@invicocapital.com); Evans, Mark; Van Allen, Sara-Ann; Invico Capital Corporation _ Jobec Investments RT Ltd_ and related companies _560065_3_ Communications
Subject: RE: Invico Trade Capital LP et al v. JOBEC Investments RT Ltd.

Lisa,

We have reviewed SecureCare's motion record from the Hamilton action. Subject to one point discussed below, and to the usual qualifications and assumptions (since we have not seen originals of the underlying materials, or bank records, etc.), SecureCorp's security appears to be valid and enforceable.

The one wrinkle I noticed is as follows. All references are to the SecureCare motion record.

1. The original declaration of trust by Jobec Investments RT Ltd. (dated July 26, 2013) [Tab A] names three beneficiaries in Sched B [p. 17]: Jobec Trade Finance Inc., TCFC Inc., and Trade Capital Finance Corp.
2. On the same date, Jobec Trade Finance Inc. entered into a collateral management agreement with Jobec Investments RT Ltd. a bare trustee for the trust beneficiaries [Tab B].
3. The collateral management agreement was amended on July 29, 2013 [Tab C]. This amendment refers [p. 37] to an amendment having been made to the declaration of trust to add SecureCare as a beneficiary. But this amendment to the declaration of trust does not appear to be in SecureCare's motion record.
4. The GSA dated July 25, 2013 [Tab C] also refers to the amendment.

Assuming this to have been an oversight, can you circulate a copy of the amendment to the declaration of trust?

Regards

Paul

Paul Michell

Direct: (416) 644-5359
pmichell@counsel-toronto.com

Lax O'Sullivan Scott Lisus LLP
 Suite 2750, 145 King Street West
 Toronto ON M5H 1J8 Canada
 T 416 598 1744 F 416 598 3730
counsel-toronto.com

**LAX
 O'SULLIVAN
 SCOTT
 LISUS**

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From: Lisa S. Corne [<mailto:LCorne@dickinson-wright.com>]
Sent: February-12-15 1:07 PM
To: Kraft, Kenneth

TAB L

M. PAUL MICHELL
Direct: (416) 644-5359
pmichell@counsel-toronto.com
File No. I2904

LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

**LAX
O'SULLIVAN
SCOTT
LISUS**

March 10, 2015

BY EMAIL

Lisa S. Corne
Dickinson Wright LLP
199 Bay Street, Suite 2200
Commerce Court West
Toronto, ON M5L 1G4

Dear Ms. Corne:

Re: Jobec Investments RT Ltd.

I write to you in your capacity as counsel to SecureCare Capital Inc. ("SecureCare") and TFS RT Inc. As you know, we act for A. Farber & Partners Inc. in its capacity as court-appointed Receiver of Jobec Investments RT Ltd. ("Jobec RT").

The Receiver's initial investigations indicate that SecureCare advanced a total of some \$692,750 to Jobec RT, and that at least \$680,000 was paid by Jobec RT to TFS RT Inc. A schedule detailing the payments the Receiver has identified to date as having been made to TFS RT is attached.

The Receiver further understands that pursuant to the Offering Memorandum of SecureCare Capital Inc. dated November 21, 2013, TFS RT Inc. acted as Bare Trustee pursuant to a declaration of trust dated July 10, 2012 (as amended) for SecureCare and other Beneficiaries. The Receiver's investigations into the affairs of Jobec RT are ongoing and the Receiver has yet to determine whether further amounts may have been received by SecureCare and TFS RT Inc. from Jobec RT.

The Receiver has a number of questions about these transactions:

- (a) What was the purpose of the transfer of the approx. \$692,750 from SecureCare to Jobec RT?
- (b) What was the purpose of the transfer of funds totalling \$680,000 from Jobec RT to TFS RT Inc.?

- 2 -

- (c) Did SecureCare receive any of the \$680,000 received by TFS RT Inc. from Jobec RT? If so, how much?
- (d) We note from the Offering Memorandum that Eligible Credit Receivables were to be credit insured. To what extent, if any, has SecureCare received payment from credit insurer or other source.
- (e) A Detailed Statement of Account reflecting all of the advances, repayments, fees and interest payments on the SecureCare account with Jobec RT would be helpful to us understanding the current status of the account.

I look forward to hearing from you.

Yours truly,



M. Paul Michell

MPM/mc
Enclosure

c: Allan Nackan (A. Farber & Partners Inc.)

Jobec Investments RT Ltd.
Payments to TFS RT, Inc.

| Date of Transfer | Amount |
|-----------------------------|-------------------|
| 5-Dec-13 | 170,000.00 |
| 20-Dec-13 | 190,000.00 |
| 12-Feb-14 | 70,000.00 |
| 25-Apr-14 | 250,000.00 |
| | <u>680,000.00</u> |

Note: Our investigations are ongoing and we are awaiting further documentation. Based on that we may find that further sums were paid to TFS RT or SecureCare.

TAB M

March 16, 2015

Via E-Mail

Paul Mitchell
 Lax O'Sullivan Scott Lisus LLP
 145 King Street West, Suite 2750
 Toronto ON M5H 1J8
pmitchell@counsel-toronto.com

Philip Kennedy
 Gowling Lafleur Henderson LLP
 One Main Street West
 Hamilton, ON L8P 4Z5
philip.kennedy@gowlings.com

Allan Sternberg
 Ricketts, Harris LLP
 Suite 816
 181 University Ave.
 Toronto, ON M5H 2X7
asternberg@rickettsharris.com

Catherine Francis
 Minden Gross LLP
 145 King St. W.
 Suite 2200
 Toronto, ON M5H 4G2
cfrancis@mindengross.com

Dear Counsel:

Re: Invico Trade Capital, LP and Invico Balanced Real Estate Fund
 (collectively "Invico") v. Jobec Investments RT Ltd. ("Jobec")
 And Re: 2013395 Ontario Limited v. Jobec
 Court File No.: 14-45812 (the "Hamilton Action")

As you know we are counsel for SecureCare Investments Inc. ("SecureCare") in connection with the recovery of the secured indebtedness owing to it by Jobec. We have previously provided you with copies of the Affidavit of Peter Johannes evidencing the SecureCare advances and security interests and the perfection thereof pursuant to the *Personal Property Security Act* (Ontario).

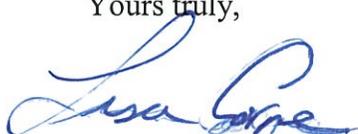
Invico and A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Jobec, have acknowledged the validity and enforceability of the SecureCare debt and security and consented to the Order dated February 13, 2015 granted by Justice Pattillo directing that the Receiver, upon receipt of the amount of approximately \$250,000.00 held in Jobec's bank account number 1019793 at Royal Bank of Canada (the "Account"), forthwith remit such funds to SecureCare (less \$3,750.00 on account of the Receiver's fees and disbursements).

As the Receiver informed us that it had not yet received funds from Royal Bank of Canada ("RBC"), I contacted counsel for RBC who informed me that RBC seeks a release from 2013395 Ontario Limited, Jobec, Mr. Cook, and Invico prior to releasing the funds in the Account to the Receiver and asserts a potential setoff against the funds in the Account to cover

costs incurred by RBC in responding to the Hamilton Action. If RBC is claiming any entitlement to a setoff, please advise of the amount claimed, and provide the documentation relied upon in support of any right of setoff. In addition, without acknowledging that RBC is entitled to withhold funds pending delivery of a release, it may advance matters if RBC would circulate the form of any release it seeks to all parties.

In the event that this matter is not resolved forthwith, we are instructed to proceed with a motion to the court for payment of the funds in the Account directly to SecureCare.

Yours truly,



Lisa S. Corne

LSC/las

TORONTO 52548-38 1023247v2

TAB N

M. PAUL MICHELL
Direct: (416) 644-5359
pmichell@counsel-toronto.com
File No. 13276

LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

**LAX
O'SULLIVAN
SCOTT
LISUS**

March 20, 2015

BY EMAIL

Lisa S. Corne
Dickinson Wright LLP
199 Bay Street, Suite 2200
Commerce Court West
Toronto, ON M5L 1G4

Dear Ms. Corne:

Re: Jobec Investments RT Ltd.

I have your letter of March 16, 2015.

The Receiver understands from Catherine Francis, counsel for RBC, that her client has a number of concerns. Many were raised only last week, contrary to your suggestion in your call on March 16, 2015 that the Receiver has been aware of these concerns for some time but has not disclosed them to you. I understand from Ms. Francis that you contacted her directly on March 13, 2015 seeking release of the funds in the Jobec RT account to the Receiver.

These concerns include the following:

1. We understand that RBC initially froze the funds in the Jobec RT account due to a claim by 2013395 Ontario Limited which named RBC (but not Jobec RT) as a defendant in court file no. 14-45812. We further understand that 2013395 then issued a new claim naming both Jobec RT and RBC as defendants, and seeking a proprietary interest in the Jobec RT funds. RBC takes the position that the claim appears to be meritless, since the funds cannot be traced to 2013395, but it must be addressed before RBC can release any funds.
2. RBC is concerned that there may be other potential claimants, and wants to be satisfied that all potential claimants are on notice of the receivership. By copy of this letter, I would ask Ms. Francis to specify which potential claimants she is referring to.
3. Ms. Francis previously raised with the Receiver her concern that Jobec RT has issued a cross-claim against RBC. RBC seeks to have the cross-claim addressed and a release from Jobec RT. The Receiver agrees that RBC should circulate for comment the form of release it has in mind so that we may consider it.

- 2 -

4. RBC has advised that its investigation has determined that the funds had been sourced from Invico and are directly traceable to Invico. RBC further advises that this gave it concern in terms of paying out the funds to anyone else, including alleged secured creditors, if it turned out that Invico was the victim of a fraud (given, among other things, the various other allegations of fraud against Mr. Cook and his companies).
5. Although you have taken the position that this should not concern RBC because Invico consented to your client SecureCare Investments Inc. receiving the funds on a priority basis under the Receivership Order, RBC points out that the Receivership Order is in respect of the property of Jobec RT. If it turns out that the funds are not the property of Jobec RT because, for example, they were obtained by fraud, then RBC would potentially be subject to double indemnity. We understand that RBC seeks a release from Invico in this regard.
6. Ms. Francis previously raised her concern that the Receivership Order is restricted to the property of Jobec RT, and that the Receiver is subject to the RBC account agreement governing the Jobec RT account, including with respect to RBC's ability to set-off their costs against funds in the account.

I note also that you have not responded to the questions set out in my March 10, 2015 letter.

I understood the Receiver is now in receipt of funds from RBC. However, until these matters have been satisfactorily addressed, the Receiver is not in a position to make the payment sought.

I invite your client to address these issues so that they may be resolved without requiring a motion.

Yours truly,



M. Paul Michell

MPM/mc*cg

- c: Catherine Francis, Minden Gross LLP
Philip Kennedy, Gowling Lafleur Henderson LLP
Allan Sternberg, Ricketts, Harris LLP
Ken Kraft, Dentons Canada
- c: Alan Nackan (A. Farber & Partners Inc.)

TAB O



199 BAY STREET, SUITE 2200
P.O. BOX 447, COMMERCE COURT POSTAL STATION
TORONTO, ON CANADA M5L 1G4
TELEPHONE: (416) 777-0101
FACSIMILE: (416) 865-1398
<http://www.dickinsonwright.com>

LISA S. CORNE
LCorne@dickinsonwright.com
(416) 646-4608

March 20, 2015

VIA E-MAIL

Paul Mitchell
Lax O'Sullivan Scott Lisus LLP
145 King Street West, Suite 2750
Toronto ON M5H 1J8

Dear Mr. Mitchell:

**Re: SecureCare Capital Inc. ("SecureCare") v. Jobec Investments Rt. Ltd.
("Jobec")
Our File No.: 52548-38**

I am writing in response to your letter of today.

Our comments in response to the concerns raised by RBC are set out below by reference to the paragraph numbers in your correspondence:

1. I enclose a letter received today from Gowlings LLP, counsel for 2013395 Ontario Limited ("201") confirming that 201 does not object to the release of the funds to Securecare.
2. We are not aware of any other claimants.
3. We do not concede that RBC is entitled to a release, and would ask that the Receiver and RBC take steps to resolve the issue asap, failing which we will need to bring on a motion to the court seeking release of the funds.
4. and 5. SecureCare is also a victim of Jobec's fraud. SecureCare is a bona fide lender without notice of the fraud, and obtained its security interest in good faith and for value. Invico acknowledged Securecare's priority and specifically consented to the payment of the funds in the RBC account to Securecare. By copy of this letter to Mr. Kraft, counsel for Invico, I would ask that he confirm Invico's consent to the release of the funds to Securecare.
6. I do not concede that RBC 's alleged set off claim has priority over Securecare, and repeat my request that RBC advise of the amount claimed, and provide copies of the documents on which RBC relies in support of any set off claim.

Paul Mitchell
March 20, 2015
Page 2

In response to the questions in your letter of March 10, relating to Securecare's claim against Jobec , I am informed by SecureCare as follows:

The purpose of the transfer by it to Jobec of the \$692,750 was to purchase an insured credit receivable from Wapose Inc.

SecureCare did not receive any of the funds it advanced to Jobec from the \$680,000 alleged to have been received by TFS RT Inc. from Jobec.

The insurance policy was held by Jobec and therefore it was not possible for SecureCare to make a claim under the policy and SecureCare has not received any payment under the insurance policy or otherwise.

A detailed Statement of Account reflecting all of the advances, repayments, fees and interest payments in respect of SecureCare's accounts with Jobec RT is attached. You will note the amount owing to SecureCare as at March 31, 2015 is \$862,585.99.

We have forwarded your inquiry to TFS RT Inc. and await its response. Any funds alleged to have been received by TFS RT Inc. from Jobec are unrelated to Securecare's claim. As the first ranking secured creditor of Jobec, SecureCare is entitled to the recovery of the funds in Jobec's RBC account.

Very truly yours,

DICKINSON WRIGHT LLP



Lisa S. Corne

LSC/jss

Encl.

cc: Mark Redinger, Dickinson Wright LLP

Ken Kraft, Dentons Canada LLP

TORONTO 52548-38 1022909v2



montréal • ottawa • toronto • hamilton • waterloo region • calgary • vancouver • beijing • moscow • london

March 20, 2015

VIA EMAIL

Lisa S. Corne
 Dickinson Wright LLP
 199 Bay Street, Suite 2200
 P.O. Box 447
 Commerce Court Postal Station
 Toronto, ON M5L 1G4

Philip J. Kennedy
 Direct 905-540-3242
 Direct Fax 905-523-6806
 philip.kennedy@gowlings.com
 File No. H187783

Dear Ms. Corne:

Re: 2013395 Ontario Limited v. JOBEC Trade Finance Inc. et al
Court File No. 14-45812

By way of response to your letter dated March 16, 2015, we confirm that our client 2013395 Ontario Limited does not object to the funds held in Royal Bank of Canada account number 1019793, in the name of JOBEC Investments RT Ltd., being paid to Securecare Investments Inc. This concession is made expressly without prejudice to our client's continuing claim against all other assets, property and funds of JOBEC Investments RT Ltd. and Peter Cook.

Yours truly,

GOWLING LAFLEUR HENDERSON LLP

Philip J. Kennedy
 PJK:bbd

cc Allan Sternberg (via email)
 Clients: JOBEC Trade Finance Inc., JOBEC Investments RT Ltd.
 and Peter William Cook

Catherine Francis (via email)
 Client: Royal Bank of Canada

Paul Mitchell (via email)
 Clients: Invico Trade Capital, LP and Invico Balanced Real Estate Fund

EDC_LAW 1283952\1

| SecureCare Investments Inc. | | | | | | | |
|--|--------------|---------------|----------------------|----------------------|-------------------------------------|----------------------|--|
| Invoice, Payment, Expense and Accrued Interest Summary | | | | | | | |
| JOBEC Investments RT Ltd. | | | | | | | |
| Total Arrears and Legal Fees | | \$ 862,585.99 | | | | | |
| Description BW: Beard Winter LLP DW: Dickinson Wright LLP | Month & Year | Date | Amount | Interest Payments | Monthly Interest & Expense Total | Balance | Arrears & Expense Interest TD Prime + 3% |
| Asset Purchase | | 31/07/2013 | \$ 570,950.00 | | | | |
| Asset Purchase | | 8/9/2013 | \$ 121,800.00 | | | | |
| Asset Purchase Total | | | \$ 692,750.00 | | | \$ 692,750.00 | |
| Invoice | Aug 2013 | 8/29/2013 | \$ 8,659.64 | | \$ 8,659.64 | \$ 701,409.64 | |
| Invoice | Sept 2013 | 9/25/2013 | \$ 8,659.38 | | \$ 8,659.38 | \$ 710,069.02 | 15.00% |
| Invoice | | 10/24/2013 | \$ 8,659.64 | | | | |
| Invoice | | 10/29/2013 | \$ 270.47 | | | | |
| Payment | Oct 2013 | 10/29/2013 | -\$ 17,581.02 | -\$ 17,581.02 | -\$ 8,630.91 | \$ 701,438.11 | 15.00% |
| Invoice | Nov 2013 | 11/25/2013 | \$ 8,659.64 | | \$ 8,659.64 | \$ 710,097.75 | 15.00% |
| Invoice | Dec 2013 | 12/19/2013 | \$ 8,983.57 | | \$ 8,983.57 | \$ 719,081.32 | 15.00% |
| Payment | | 1/21/2014 | -\$ 26,302.85 | -\$ 26,302.85 | | | |
| Invoice | | 1/28/2014 | \$ 8,659.38 | | | | |
| BW 310575 | Jan 2014 | 1/29/2014 | \$ 1,821.55 | | -\$ 16,021.92 | \$ 703,059.40 | 15.00% |
| Payment | | 2/12/2014 | -\$ 8,659.38 | -\$ 8,659.38 | | | |
| Invoice | Feb 2014 | 2/28/2014 | \$ 8,659.38 | | \$ - | \$ 703,059.40 | 15.00% |
| Invoice | Mar 2014 | 3/31/2014 | \$ 8,659.38 | | \$ 8,659.38 | \$ 711,718.78 | 15.00% |
| Payment | Apr 2014 | 4/30/2014 | -\$ 26,302.85 | -\$ 26,302.85 | | | |
| Invoice | Apr 2014 | 4/30/2014 | \$ 8,984.09 | | -\$ 17,318.76 | \$ 694,400.02 | 15.00% |
| Invoice | May 2014 | 5/28/2014 | \$ 8,659.38 | | \$ 8,659.38 | \$ 703,059.40 | 15.00% |
| Invoice | June 2014 | 6/27/2014 | \$ 8,767.62 | | \$ 8,767.62 | \$ 711,827.02 | 15.00% |
| Invoice | | 7/25/2014 | \$ 8,876.12 | | | | |
| BW 326188 | | 7/31/2014 | \$ 452.00 | | | | |
| BW 326189 | July 2014 | 7/31/2014 | \$ 11,563.74 | | \$ 20,891.86 | \$ 732,718.88 | 15.00% |
| Accruing Interest | | 8/31/2014 | \$ 9,158.99 | | | | |
| BW 328589 | Aug 2014 | 8/31/2014 | \$ 8,403.05 | | \$ 17,562.04 | \$ 750,280.92 | 15.00% |
| Accruing Interest | Sept 2014 | 9/30/2014 | \$ 9,378.51 | | \$ 9,378.51 | \$ 759,659.43 | 15.00% |
| Accruing Interest | | 10/31/2014 | \$ 9,495.74 | | | | |
| BW 333658 | Oct 2014 | 10/31/2014 | \$ 5,428.80 | | \$ 14,924.54 | \$ 774,583.97 | 15.00% |
| Accruing Interest | Nov 2014 | 11/30/2014 | \$ 9,682.30 | | \$ 9,682.30 | \$ 784,266.27 | 15.00% |
| Accruing Interest | Dec 2014 | 12/31/2014 | \$ 9,803.33 | | \$ 9,803.33 | \$ 794,069.60 | 15.00% |
| Accruing Interest | Jan 2015 | 1/31/2015 | \$ 9,925.87 | | \$ 9,925.87 | \$ 803,995.47 | 15.00% |
| DW 982410 | | 2/24/2015 | \$ 35,131.94 | | | | |
| Accruing Interest | | 2/28/2015 | \$ 9,949.44 | | | | |
| BW 344151 | Feb 2015 | 2/28/2015 | \$ 2,965.12 | | \$ 48,046.50 | \$ 852,041.97 | 14.85% |
| Accruing Interest | Mar 2015 | 3/31/2015 | \$ 10,544.02 | | \$ 10,544.02 | \$ 862,585.99 | 14.85% |
| | | | \$ 862,585.99 | -\$ 78,826.10 | | | 14.85% |
| per diem rate | | | \$ 350.94 | | | | |
| Legal Expense Summary - Beard Winter LLP and Dickinson Wright LLP | | | | | | | |
| Invoice # | | Invoice Date | | | | | |
| BW 310575 | | 1/29/2014 | \$ 1,821.55 | | | | |
| BW 326189 | | 7/31/2014 | \$ 11,563.74 | | | | |
| BW 326188 | | 7/31/2014 | \$ 452.00 | | | | |
| BW 328589 | | 8/31/2014 | \$ 8,403.05 | | | | |
| BW 333658 | | 10/31/2014 | \$ 5,428.80 | | | | |
| BW 344151 | | 2/28/2015 | \$ 2,965.12 | | | | |
| DW 982410 | | 2/24/2015 | \$ 35,131.94 | | | | |
| | | | \$ 65,566.20 | | | | |

TAB P

M. PAUL MICHELL
Direct: (416) 644-5359
pmichell@counsel-toronto.com
File No. 13276

LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

**LAX
O'SULLIVAN
SCOTT
LISUS**

March 30, 2015

BY EMAIL

Lisa S. Corne
Dickinson Wright LLP
199 Bay Street, Suite 2200
Commerce Court West
Toronto, ON M5L 1G4

Dear Ms. Corne:

Re: Jobec Investments RT Ltd.

Thank you for your letter of March 20, 2015 and email of March 27, 2015. I also note Ms. Francis' emails of March 23 and 27, 2015 indicating that she will respond to your letter. We look forward to receiving Ms. Francis' response.

Although your letter addresses some of the points raised in mine of March 20, 2015, the Receiver is concerned that several other points remain unanswered. In particular:

- Since your firm also represents TSF RT Inc., we would expect you to be able to obtain a response from your own client promptly.
- Any security held by SecureCare with respect to Jobec RT could apply only to assets owned by Jobec RT. The Receiver's concern is that the funds in the RBC account may not meet this requirement. We anticipate that further information from RBC and SecureCare may clarify the situation.

The Receiver's consent to the order providing for payment was premised on certain understandings which, based on additional facts that have since become available, appear to be incomplete or inaccurate. Until the situation is clarified, the Receiver's position remains that set out in my March 20, 2015 letter.

- 2 -

In these circumstances, your proposed motion seems premature. It is not urgent in any event. In any event, I am not available before the week of April 13, 2015.

Yours truly,

A handwritten signature in black ink, appearing to read "M. Paul Michell", with a large circular flourish at the end.

M. Paul Michell

MPM/mc

- c: Catherine Francis, Minden Gross LLP
Philip Kennedy, Gowling Lafleur Henderson LLP
Allan Sternberg, Ricketts, Harris LLP
Ken Kraft, Dentons Canada

- c: Alan Nackan (A. Farber & Partners Inc.)

TAB Q

Court File Number: CV - 15 - 10854 - 0001 ²²¹

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Invico

AND

Plaintiff(s)
Defendant(s)

Case Management Yes No by Judge: _____

| Counsel | Telephone No: | Facsimile No: |
|---------|---------------|---------------|
| | | |
| | | |

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows):

Motion for directions by Receiver re ownership
of funds proposed to be distributed by Rec & various
- Timetable as per attached. ancillary
188mls
Motion scheduled for 2 HRS on June 17/15.

April 13/15
Date

Conway
Judge's Signature

Additional Pages _____

Paul Michell

From: Kraft, Kenneth <kenneth.kraft@dentons.com>
Sent: April-10-15 5:24 PM
To: Paul Michell
Cc: Lisa S. Corne; Kraft, Kenneth; cfrancis@mindengross.com; anackan@farberfinancial.com
Subject: Re: jobec rt

Generally I'm ok except the week of June 8 for the actual hearing is problematic. I can do any day the following week other than June 16.

Ken

Sent from my iPhone

On Apr 10, 2015, at 1:54 PM, Paul Michell <pmichell@counsel-toronto.com> wrote:

That makes sense to me. It would result in the remaining steps being pushed out a week or so, as follows:

Receiver to serve motion record: by April 22

Other parties to serve responding records: by May 1

Reply records: by May 8

Cross-examinations (if any): by May 19

Receiver's factum: by May 27

Other parties' factums: by June 3

~~Hearing during the week of June 8. / 5-15 (Wed)~~ June 17, 2 HRS.

Paul

Paul Michell

Direct: (416) 644-5359

pmichell@counsel-toronto.com

Lax O'Sullivan Scott Lisus LLP

Suite 2750, 145 King Street West

Toronto ON M5H 1J8 Canada

T 416 598 1744 F 416 598 3730

counsel-toronto.com

<image001.gif>

This e-mail message is confidential, may be privileged and is intended for the exclusive use of the addressee. Any other person is strictly prohibited from disclosing, distributing or reproducing it. If the addressee cannot be reached or is unknown to you, please inform us immediately by telephone at 416 598 1744 at our expense and delete this e-mail message and destroy all copies. Thank you.

From: Lisa S. Corne [<mailto:LCorne@dickinson-wright.com>]

Sent: April-10-15 4:04 PM

To: Paul Michell

Cc: Kraft, Kenneth (kenneth.kraft@dentons.com); cfrancis@mindengross.com; anackan@farberfinancial.com

Subject: Re: jobec rt