



ESTATE NO. 11-1693965
COURT NO. B121430
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE BANKRUPTCY OF
RASHIDA ABDULRASUL SAMJI

TRUSTEE'S SECOND REPORT TO THE COURT

NOVEMBER 19, 2015

Boale, Wood & Company Ltd.
Trustee of the Consolidated Estate of
Rashida Abdulrasul Samji, Rashida Samji Notary
Corporation and Samji & Assoc. Holdings Inc.

**Suite 1140 – 800 West Pender Street
Vancouver, BC V6C 2V6**

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I. APPOINTMENT

On December 5, 2012, Rashida Abdulrasul Samji (“**Samji**”), Rashida Samji Notary Corporation (“**Samji Notary Corporation**”), and Samji & Assoc. Holdings Inc. (“**Samji & Associates**”), and together with Samji and Samji Notary Corporation herein referred to as the “**Samji Group**”) each filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (the “**BIA**”). Boale, Wood & Company Ltd. was appointed as Trustee of each of the estates of the Samji Group (the “**Trustee**”).

On June 26, 2013, by the Order of the Supreme Court of British Columbia, the estates of the Samji Group were consolidated into one bankruptcy proceeding known as “In the Matter of the Bankruptcy of Rashida Abdulrasul Samji”, bearing Supreme Court of British Columbia Vancouver Registry Proceeding No. B121430 (the “**Consolidated Samji Estate**”).

II. PURPOSE AND LIMITATIONS OF TRUSTEE'S REPORT

The purpose of the Trustee's Second Report to the Court (the "**Trustee's Report**") is to provide this Honourable Court with information with respect to the activities of the Trustee since its previous report to the Court on March 13, 2015 (the "**Trustee's First Report**"). In accordance with the BIA, the Trustee has also filed reports to the creditors with details of the administration of the Consolidated Samji Estate.

This Trustee's Report has been prepared by the Trustee based on information obtained from the records of the Samji Group, documents received from various related parties and other professional advisors retained by the Trustee or others.

The financial information received by the Trustee has not been audited, reviewed or otherwise verified by the Trustee as to its accuracy or completeness. As a result, readers are cautioned that this Trustee's Report has been prepared solely for the purposes of administration of the Consolidated Samji Estate and may not be suitable for any other purposes. The Trustee does not express an opinion or other form of assurance on the financial information presented in the Trustee's Report.

In addition, the Trustee assumes no responsibility or liability for and disclaims any and all liability for any loss or damage incurred by any party as a result of the use of this report in any manner, or as a result of the circulation, publication or reproduction of it. Any use which any party makes of the Trustee's Report or any reliance on any decisions made based on it are the responsibility of that party.

Capitalized terms used herein but not otherwise defined have the same meaning attributed to them in the Trustee's First Report.

III. BACKGROUND

The background with respect to the Samji Consolidated Estate was provided in the Trustee's First Report and, therefore, has not provided herein.

IV. TRUSTEE'S ACTIVITIES SINCE OUR PREVIOUS REPORT

The activities of the Trustee since the Trustee's First Report include but are not limited to the following:

A. Communication with Creditors

The Trustee has continued to communicate with many of the Investors and Creditors by way of telephone and email to discuss the administration of the estate, including, but not limited to, the sale of real properties, recoveries from Net Winners, the claims process, issues relating to claims filed, legal proceedings against Samji and proposed distributions to creditors.

B. Inspectors Meetings

The Trustee has continued to hold Inspectors meetings for purposes of updating the Inspectors on the administration of the Consolidated Samji Estate and seeking Inspector approval for various actions by the Trustee, including but not limited to the sale of real properties, the commencement of litigation against certain Net Winners, settlements with Net Winners and dealing with claims filed by creditors that the Trustee disputes.

C. Real Properties

To date the Trustee has completed the sale of four (4) properties resulting in a recovery to the Consolidated Samji Estate of \$791,308. The Trustee has not been successful in selling the following properties (the "**Remaining Real Properties**"):

- (a) 5391 Wakefield Beach Lane, Sechelt, foreclosed, no equity;
- (b) undivided ½ interest in Lot 22, Sunshine Coast Highway;
- (c) undivided ½ interest in Lot 43, Sunshine Coast Highway; and
- (d) 1/3 interest in townhouse on Westview Drive, North Vancouver (the "**Westview Drive Property**").

As previously reported to the Court, the realization on the Remaining Real Properties will be difficult due to part ownership and unwillingness of the other owners to sell.

Recently, the Trustee received a letter from the lawyer for Samji's father regarding the Westview Drive Property of which her father has a partial interest in. A demand has been made to the Trustee for the return of Samji's interest in the property, which is claimed to be subject to a resulting trust. The Trustee is investigating into the merits of this claim.

D. Recovery from Net Winners and Third Parties

To date, the Trustee has recovered \$3,201,645 from Net Winners. Currently, the Trustee is in settlement discussions with a number of Net Winners that are expected to result in a further recovery to the Consolidated Samji Estate.

The Trustee continues to commence legal actions against those Net Winners who have failed to respond or reach a settlement with the Trustee for repayment of the profits. The Trustee currently has legal actions against Net Winners whose total net profits are estimated to be over \$9,000,000.

The Trustee will continue to seek recovery from the remaining Net Winners who have not, to date, settled with the Trustee.

Through its investigation, the Trustee has determined that Investor Funds were paid to the Aga Khan Foundation and related entities (the "AKF"). The Trustee has sought the return of the funds and is working towards resolution of the matter with the AKF.

E. Claims Process Order

The Trustee has now completed the Claims Process in accordance with the Claims Process Order granted by this Honourable Court on September 10, 2014. The Trustee has approved claims for approximately 148 Investors that total approximately \$40,300,000 and has not yet finalized its review of two (2) claims that total approximately \$1,200,000.

In addition to the claims of the Net Losers referred to above, the Trustee has accepted eleven (11) claims from creditors of the Consolidated Samji Estate that are not Investors that total approximately \$80,000.

V. LEGAL MATTERS

A. Class Action Lawsuit

As previously reported in the Trustee's First Report, two settlements were reached in the Class Action proceedings. One was a settlement of the claims made against RBC and TD Bank concerning their administration of the accounts through which Samji operated the Scheme (the "**Bank Settlement**"). The other was a settlement of the claims made against Patel, Coast Capital, and related defendants, for negligence by Patel in introducing his investment clients at Coast Capital to the Scheme (the "**Coast Settlement**").

Distribution to Investors pursuant to the Bank Settlement and Coast Settlement have now been made with the exception of a few Investors whose claims have not yet been determined.

B. Coast Capital Claim in the Bankruptcy

As previously reported in the Trustee's First Report, Coast Capital submitted a proof of claim to the Trustee in the amount of the Coast Settlement on the basis that Samji is liable for the entirety of the Investors' losses and is liable for the full amount paid by Coast Capital in the settlement.

The Trustee investigated into the merits of Coast Capital's claim and subsequently informed Coast Capital of the Trustee's position that the claim would not be accepted. After consideration of the Trustee's position, Coast Capital decided to withdraw its claim.

C. Trust Claim Issue

At this time, the Trustee is aware of two Investors who have asserted trust claims (the "**Trust Claims**") that total approximately \$140,000 against funds in the Consolidated Samji Estate on the basis that their funds are traceable and that they have a claim to them in equity. These Investors take the position that certain funds should go back to them rather than receiving a pro-rata distribution from the Consolidated Samji Estate. Upon

finalizing its investigation into the Trust Claims, the Trustee will apply to this Honourable Court for a determination of the Trust Claims.

VI. TRUSTEE'S INTERIM STATEMENT OF RECEIPTS & DISBURSEMENTS

The Trustee has attached as **Appendix A** to the Trustee's Report a copy of its Interim Statement of Receipts and Disbursements to November 17, 2015.

A. Receipts

The Receipts can be summarized as follows:

Cash	\$1,132,903
Realization on Assets	791,308
Recovery from Net Winners	3,201,646
Interest and other miscellaneous receipts	<u>30,499</u>
	<u>\$5,156,356</u>

As described in subsection V(c) of this report, a small portion of the cash received may be subject to Trust Claims, and accordingly may not be available for distribution to Creditors until the entitlement of those claimants is resolved.

B. Disbursements

The Disbursements can be summarized as follows:

Administration Costs

Fees paid to the Official Receiver	450
Local Paper	2,919
Change Locks	90
Insurance	16,390
Postage	1,347
Legal Fees	1,150,609
Trustee's Fees	399,056
MNP Consulting Fees	44,097
Property Taxes	16,444

Provincial and Federal Sales Tax	154,123
Miscellaneous Costs	<u>8,285</u>
	<u>\$1,793,810</u>

Distribution to Creditors

Payments to Creditors	\$767,271
Levy paid to Superintendent of Bankruptcy	<u>40,382</u>
	<u>\$807,653</u>

Total Disbursements \$2,601,463

The Disbursements include all Trustee's fees and legal fees incurred up to the end of August 2015.

C. Net Receipts

Net Receipts of \$2,554,894 are available for distribution to the Creditors subject to sufficient funds being withheld to deal with Trust Claims and to provide a sufficient reserve to cover the ongoing professional fees and costs to administer the Consolidated Samji Estate and pursue recovery from Net Winners.

VII. CONCLUSIONS AND RECOMMENDATIONS

The Trustee has been successful to date in pursuing collection of profits from Net Winners, which efforts have resulted in recoveries in excess of \$3,200,000 from Net Winners.

The Trustee continues with its litigation against Net Winners that are believed to have received total profits in excess of \$20 million. As previously reported in the Trustee's First Report, collection of the profits may prove difficult in some circumstances due to the locale of certain Net Winners, the lack of supporting documentation and the ability of the Net Winners to repay their profits. Despite this, the Trustee strongly believes that its continued efforts are warranted and will result in additional monies being available to distribute to the Creditors.

The Trustee will also continue its efforts to realize on the Remaining Real Properties.

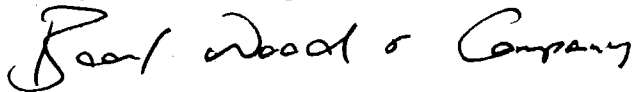
The Trustee recommends a second interim distribution to the Creditors in the amount of \$1,000,000. The Trustee will be seeking approval of this Honourable Court to disperse these further funds.

The remaining funds in the Consolidated Samji Estate should be retained by the Trustee to cover ongoing professional fees and costs to administer the Consolidated Samji Estate and pursue recovery from Net Winners.

DATED At the City of Vancouver, British Columbia, this 19th day of November, 2015

Boale, Wood & Company Ltd.

Trustee of the Consolidated Estate of
Rashida Abdulsaul Samji, Rashida Samji Notary Corporation
and Samji & Assoc. Holdings Inc.



Per: John D. McEown, CA, CIRP

APPENDIX A

**INTERIM STATEMENT OF
RECEIPTS AND DISBURSEMENTS
DATED NOVEMBER 17, 2015**

Court No: B121430
Estate #: 11-1693965

Statement of Receipts and Disbursements
(Section 152 of the Act)
In the Matter of the Bankruptcy of Rashida Abdulrasul SAMJI

TRUSTEE'S STATEMENT OF RECEIPTS AND DISBURSEMENTS AS AT NOVEMBER 17, 2015

RECEIPTS		
Cash		
Cash in Bank	65.77	
Funds received from Rashida Samji	3,000.00	
Funds received from MNP	547,316.87	
Funds received from CIBC - Samji Notary Corp Acct	69,672.58	
Funds received from RBC - Samji Notary Corp Acct	<u>512,847.82</u>	1,132,903.04
Realization of Assets		
Cash Surrender Value of life insurance	9,394.71	
Sale proceeds - 6490 Ember Place, Sechelt	130,226.53	
Sale proceeds - 1596 West 14th Ave, Vancouver (net of \$12,000 exemption)	450,253.43	
Sale proceeds - 1295 Richards St, Vancouver	<u>201,433.88</u>	791,308.55
Recovery from Net Winners		3,201,645.73
Miscellaneous Receipts		
GST/HST Credits - Personal	136.00	
BC Climate Action Tax Credit	288.74	
Interest	<u>30,074.27</u>	30,499.01
Total Receipts:		5,156,356.33
DISBURSEMENTS		
Fees Paid		
Fees paid to the Official Receiver		450.00
Notice of first meeting		
Local Paper		2,919.66
Stocktaking and Possession		
Change Locks		90.00
Premiums		
Bond Premium	12,715.00	
Insurance	<u>3,675.00</u>	16,390.00
Postage on general correspondence		
Postage		1,346.62
Legal fees and legal services costs		
Solicitor to estate		1,150,609.28
Consultant Fees		
MNP LLP		44,096.87
Property Taxes		
		16,443.50
Miscellaneous		
Courier	393.34	
Counselling Fees	170.00	
Bank Charges	20.00	
Telephone	117.67	
Utilities	430.72	
Meeting Facilities	325.00	
Appraisal Fees	550.00	
Travel	28.39	
Search Fees	70.00	
Photocopies	6,109.75	
Repairs & Maintenance	<u>70.00</u>	8,284.87
Trustee's Remuneration		
Trustee's fees		399,055.81
Taxes		
Provincial Sales Tax - Disbursements and Extrajudicial Costs	67,615.46	
Goods and Services Tax - Disbursements and Extrajudicial Costs	60,388.51	
Goods and Services Tax - Trustee Remuneration	15,548.62	
Harmonized Sales Tax - Trustee Remuneration	<u>10,570.07</u>	154,122.66
Distribution to Creditors		
Payments to Creditors/Investors	767,270.68	
Levy payable to Superintendent of Bankruptcy	<u>40,382.67</u>	807,653.35
Total Disbursements		2,601,462.62
NET RECEIPTS		2,554,893.71