



INSOLVENCY CONSULTANTS & TRUSTEE IN BANKRUPTCY

1140 – 800 W Pender Street
Vancouver, BC V6C 2V6
Tel 604 605 3335
Fax 604 605 3359
www.boalewood.ca

**Estate Nos. 11-1693965
11-1694077
11-1694079
Court No. B121430
Vancouver Registry**

**IN THE MATTER OF THE BANKRUPTCIES OF
RASHIDA ABDULRASUL SAMJI
SAMJI & ASSOC. HOLDINGS INC. &
RASHIDA SAMJI, NOTARY CORPORATION**

TRUSTEE'S SECOND REPORT TO CREDITORS

BACKGROUND

On December 5, 2012, Assignments in Bankruptcy were filed by the following:

- 1) Rashida Abdulrasul Samji (Estate No. 11-1693965);
- 2) Samji & Assoc. Holdings Inc. (Estate No. 11-1694077); and
- 3) Rashida Samji, Notary Corporation (Estate No. 11-1694079)

(collectively, the “**Samji Group**”)

Boale, Wood & Company Ltd. was appointed as the Trustee in Bankruptcy of the Samji Group (the “**Trustee**”).

On January 4, 2013, the Trustee concurrently held the First Meeting of Creditors for each Estate of the Samji Group. At the Meetings, among other things, the Trustee tabled its Preliminary Reports to Creditors for each member of the Samji Group, dated January 3, 2013 (the “**Preliminary Reports**”), which provided information on the background of the “Mark Anthony Scheme” (the “**Investment Scheme**”), litigation commenced by various investors in the Scheme, proceedings involving the British Columbia Securities Commission and the Society of Notaries Public of British Columbia and investigations commenced by the RCMP in relation to the Samji Group. The Preliminary Reports also provided information on the assets of the estates of the Samji Group and summarized the claims received to date by the



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Trustee. The Preliminary Reports should be read in conjunction with this Second Report to Creditors in relation to the "Consolidated Samji Group Bankruptcy" (as defined below). The preliminary reports can be accessed on the Trustees website at <http://www.boalewood.ca/2012/12/05/samji-et-al/>.

At the meetings, Boale, Wood & Company Ltd. was affirmed as the Trustee of the Samji Group. Matthew Good, John Green and Ronald Usher were appointed as the Inspectors for each of the Samji Group Estates.

On June 26, 2013, by the Order of the Supreme Court of British Columbia, the bankruptcy Estates of the Samji Group were consolidated into one 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 Estate**").

The purpose of this report is to update the creditors and other interested parties on our administration of the now consolidated bankruptcy.

BRITISH COLUMBIA SECURITIES COMMISSION ("BCSC")

The background of investigations commenced and investigative and freezing orders issued by the BCSC in relation to the Samji Group is summarized in the Preliminary Reports.

At the time of the Preliminary Reports, the Trustee had anticipated that the BCSC would accede to the Trustee's request that funds and other property of the Samji Group which were subject to various freeze orders issued by the BCSC be released to the Trustee as part of the estates of the Samji Group and that the freeze orders in respect of such funds and other property be lifted by the BCSC. However, the BCSC has declined the Trustee's request.

The Trustee will need to apply to Court to have BCSC release its' interest in the assets of the consolidated estate.



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ASSETS OF THE ESTATE

Since its appointment, the Trustee has identified certain assets (described below) which include but are not limited to the assets which are subject to the freeze orders issued by the BCSC. Based upon the information available to the Trustee at this time, the assets described below appear to be assets of the Consolidated Estate and would therefore vest in the Trustee:

- (a) approximately \$500,000 in Royal Bank of Canada (“RBC”) in the name of Rashida Samji Notary Corporation;
- (b) approximately \$13,000 in RBC in the personal name of Ms. Samji;
- (c) approximately \$7,000 (U.S. Dollars) in RBC in the personal name of Ms. Samji;
- (d) approximately \$69,000 in Canadian Imperial Bank of Commerce in the name of Samji Notary Corp.;
- (e) approximately \$2,000 Vancity Savings and Credit Union (“Vancity”) in the name of Samji Notary Corp.;
- (f) approximately \$484,000, being combined funds (net of Receiver fees) from Toronto-Dominion Bank account 9697-5209-110 and Vancity account 225540, branch 14, both of which were in the name of Samji & Assoc. Holdings Inc., which have been forwarded to the Trustee by the Receiver, MNP Ltd.;
- (g) investment in Balzac Commercial Campus Limited Partnership by Ms. Samji personally and/or other members of the Samji Group;
- (h) lands and premises located at 6490 Ember Place, Sechelt;
- (i) lands and premises located at 5391 Wakefield Beach Lane, Sechelt;



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- (j) an undivided ½ interest in the lands and premises located at Sunshine Coast Highway, Sechelt;
- (k) an undivided ½ interest in the lands and premises located at Sunshine Coast Highway, Sechelt;
- (l) an undivided ½ interest in the lands and premises located at Sunshine Coast Highway, Sechelt;
- (m) an undivided 659/400,000 interest in the lands and premises located in North Vancouver;
- (n) lands and premises located at 4A – 1596 West 14th Avenue, Vancouver (PID: 024-786-896), which has been sold for the sale price of \$2,050,000 by the Trustee since the Preliminary Reports, generating net sale proceeds of approximately of \$455,000, held in trust by Dentons Canada LLP; and
- (o) lands and premises located at 1803 – 1295 Richards Street, Vancouver (PID: 025-529-790), which has been sold for the sale price of \$360,000 by the Trustee since the Preliminary Reports, generating net sale proceeds of approximately \$200,000, held in trust by Dentons Canada LLP.

PROPERTY PROOFS OF CLAIM

In order to resolve the issue of whether any person has any trust or proprietary interest in any of the Samji Group's assets, including but not limited to the assets which are subject to the freeze orders issued by the Securities Commission, on August 23, 2013, the Trustee issued notice in accordance with section 81 of the *Bankruptcy and Insolvency Act* (the "BIA") to all known creditors of the Samji Group, requiring any person having a trust claim or other proprietary interest in such assets to file property proofs of claim ("**Property Proofs of Claims**") within 15 days (the "**Property Claims Process**").



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The time for filing of these Property Proofs of Claim will expire on September 9th, 2013. Once the time has elapsed, the Trustee will determine the validity of any claims filed. Subsequent to the determination of the validity of any claims, the Trustee may sell or dispose of the remaining assets free of any right, title or interest of others with leave of the Court.

In addition to the above, on August 29th, 2013 the Trustee also published notice of the Property Claims Process in the Vancouver Sun. The Trustee has also posted a complete sample copy of the Trustee's instruction letter, blank Property Proof of Claim and copy of section 81 of the BIA issued to creditors on its website at <http://www.boalewood.ca>

RECEIVERSHIP

On April 13, 2012, upon the application of the BCSC, MNP Ltd. was appointed as the Receiver of the Samji Group by Order of the Supreme Court of British Columbia.

On December 19, 2012, the Receiver's application to expand its powers and stay the bankruptcy proceedings of the Samji Group was dismissed. Following the Preliminary Reports, on February 13, 2013, by Order of the Supreme Court of British Columbia, the Receiver was ordered to deliver its work product and the books and records of the Samji Group pay the sum of \$484,399.25 to the Trustee which represented funds recovered from the Samji Group and then-held in trust by the Receiver.

The Trustee reports that it has received the materials and funds from the Receiver as required by the February 13, 2013 Order.

RCMP INVESTIGATION

The Trustee has not been provided with any update on the status of the RCMP's investigation. The books and records seized by the RCMP continue to be in their possession.



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FORENSIC REPORT

As of the date of the Preliminary Reports, a forensic review of the Samji Group's bank accounts was underway (the "**Forensic Report**"). The Forensic Report has been completed and the Trustee is currently reviewing the same to verify and corroborate the amounts received by the Net Winners.

NET WINNERS

As noted in the Preliminary Reports, the Trustee is pursuing recovery from investors who received back more funds than they invested in the Investment Scheme (the "**Net Winners**"). The Trustee's efforts in pursuing recovery from Net Winners have been delayed as the Trustee was awaiting the Forensic Report to verify the amounts recoverable from the Net Winners.

As the Forensic Report is completed and has been provided to the Trustee, the Trustee is now in a position to pursue the Net Winners and has been authorized by the Inspectors to commence legal proceedings against uncooperative Net Winners.

EXAMINATION OF THE BANKRUPT

Since the date of the Preliminary Reports, counsel for the Trustee has conducted several days of examinations of Ms. Samji in relation to amounts received by a number of the largest Net Winners. The information obtained in these examinations will assist the Trustee in commencing actions against these Net Winners as directed by the Inspectors.

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THE CHATUR ACTION

In accordance with the directions of the Inspectors, the Trustee commenced the first of several prospective actions against Net Winners against Mumtaz Zulfikar Chatur, the Estate of Zulfikar Nazarali Chatur, Deceased, and certain other persons who received funds from the Investment Scheme on the directions of Mumtaz and Zulfikar Chatur (the "**Chatur**s"). In this regard, investor funds were traced to various properties owned by the Chatur. The Trustee filed Certificates of Pending Litigation ("CPL's") against those properties.

According to the Forensic Report, the Chatur are among the largest Net Winners in the Investment Scheme. Ms. Chatur and the Chatur Estate have scheduled a Court Application to be heard on August 30, 2013 seeking, among other things, orders for further and better particulars in relation to the Notice of Civil Claim, security for costs and the release of the CPL's against their properties or security for damages.

OTHER RELEVANT LITIGATION

Mohinder Singh Sandhu and certain other investors (the "**Sandhu Group**") scheduled a Court Application in relation to the Trustee's approach to litigation against investors in the Investment Scheme, adjudication of claims filed by creditors and future distribution of the Consolidated Estate.

In the Trustee's view, the relief sought by the Sandhu Group is unclear and the Trustee has expressed its concerns in that regard to the Sandhu Group. In particular, the Trustee notes that the steps taken to date in relation to litigation against investors were taken in accordance with the directions of the Inspectors and, the steps taken to date to recover profits from the Net Winners reflect the most practical and efficient approach to recovering these amounts.

The scheduled hearing was adjourned generally by counsel for the Sandhu Group.



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CLAIMS STATUS UPDATE

To date the Trustee has received proofs of claim totalling \$69,090,379 from unsecured creditors (primarily investors) and proofs of claim from secured creditors totalling \$3,759,534. A copy of the Claims Register can be accessed on the Trustees website.

PROFESSIONAL FEES

The legal fees net of taxes and disbursements incurred by counsel for the Trustee to July 31, 2013 total approximately \$360,000 and the Trustee's fees net of taxes and disbursements to July 31, 2013 total approximately \$85,000.

ESTIMATED REALIZATION

At this point in time, the Trustee is not in a position to provide a meaningful estimate of the realization for creditors of the Samji Group. Among other things, further proofs of claim may be filed by unsecured creditors, the Property Proofs of Claim process remains pending and actions to pursue recovery from Net Winners remain to be commenced and determined.

DATED at the City of Vancouver, British Columbia this 29th day of August, 2013.

Boale, Wood & Company Ltd.

Trustee of the Consolidated Estate of
The Samji Group


Per: John McEown, CA•CIRP