

CANADA
PROVINCE OF QUEBEC DISTRICT
OF LAVAL
N^o : 540-11-012245-249

COUR SUPERIOR
"Commercial Court"

**IN THE MATTER OF THE PROVISIONAL
ADMINISTRATION OF:**

**WHITEHAVEN SECURITIES INC.
WHITEHAVEN ASSET MANAGEMENT INC.
WHITEHAVEN INVESTMENTS INC.
WHITEHAVEN VENTURE CAPITAL INC.
WHITEHAVEN CAPITAL INC.
SOLSTAR CAPITAL INC.
SOLSTAR CAPITAL FUND MVMT
CAPITAL FUND
MVMT CAPITAL LIMITED PARTNERSHIP
MVMT CAPITAL OPERATING TRUST
MVMT LIMITED PARTNERSHIP INC.
MVMT CAPITAL LIMITED PARTNERSHIP 1**

Collectively, the "**Defendants**"

and

FTI CONSULTING CANADA INC.

The "**Provisional Administrator**"

THIRD REPORT OF THE PROVISIONAL ADMINISTRATOR
(July 29, 2025)

**TO THE HONORABLE PATRICK OUELLET, J.C.S. SITTING IN THE COMMERCIAL CHAMBER
FOR THE DISTRICT OF LAVAL AND ACTING AS MANAGING JUDGE, THE PROVISIONAL
ADMINISTRATOR SUBMITS THE FOLLOWING:**

This report (the "**Third Report**") is prepared in connection with the provisional administration of the Defendants.

1. INTRODUCTION

- 1.1. By order dated September 12, 2024, the Honorable Christian Immer, J.C.S., appointed FTI Consulting Canada Inc. as Provisional Administrator of the following companies and issued various orders relating to, among other things, the powers granted to the latter (the "**Order**"):
- Whitehaven Securities Inc., Whitehaven Asset Management Inc., Whitehaven Investments Inc., Whitehaven Venture Capital Inc. and Whitehaven Capital Inc. (the "**WH Entities**");

- Pharma Solstar Inc., Capital Solstar Inc. and Solstar Capital Fund (the “**Solstar Entities**”);
 - MVMT Capital Fund, MVMT Capital Limited Partnership, Operating Trust
MVMT Capital, General Partner MVMT Inc. and
Company in
MVMT Capital 1 Limited Partnership (the “**MVMT Entities**” and collectively with the
WH Entities and the Solstar Entities, the “**Entities**”).
- 1.2. On or about October 11, 2024, the Interim Administrator filed its first report dated October 11, 2024 (the “**First Report**”) with the Court, which was also posted on the Interim Administrator's website¹.
 - 1.3. The Defendants did not object to the Order.
 - 1.4. That said, on or about October 16, 2024, the Solstar Entities filed with the Court a *Motion to Terminate the Interim Administration or Transfer the Assets to the Creditors and Appoint a Trustee, Instructions Regarding the Use of Funds, and Provision for Expenses* (the “**Solstar Motion**”).
 - 1.5. On or about October 16, 2024, the MVMT Entities filed with the Court a *Motion to terminate the provisional administration, or modify the powers of the Provisional Administrator, instructions regarding the use of funds, provision for costs, and sanction for failure to comply with orders* (the “**MVMT Motion**”).
 - 1.6. Pursuant to a management hearing presided over by the Honorable Christian Immer, on October 23, 2024, the Court, among other things, suspended the Solstar Motion and the MVMT Motion, but took note of the MVMT Entities' commitment to file a *Motion for Disqualification* (the “**MVMT Disqualification Motion**”).
 - 1.7. The MVMT Inadmissibility Application was heard on November 7 and 20, 2024.
 - 1.8. On or about November 12, 2024, the Interim Administrator filed with the Court its second report dated November 12, 2024 (the “**Second Report**”), which was also posted on the Interim Administrator's website.
 - 1.9. On December 16, 2024, the Honorable Christian Immer issued a ruling on the Application for Disqualification - MVMT, in which he granted the application in part, declared that one of the attorneys for the Interim Administrator was disqualified from acting on behalf of the Interim Administrator in the case involving the MVMT Entities, and indicated that the Interim Administrator would not be prejudiced in any way by this ruling and that his right to choose counsel was minimally affected, considering that the Court was able to ascertain in this case and in other cases where they were acting on behalf of an interim administrator that the lawyers of the Gowling WLG law firm were competent.
 - 1.10. On February 20, 2025, the Honorable Chantal Chatelain issued a special management order appointing the Honorable Patrick Ouellet as the managing judge in this case following the appointment of the Honorable Christian Immer to the Court of Appeal.

¹ (<https://cfcanada.fticonsulting.com/Whitehaven/>)

- 1.11. On February 24, 2025, the Interim Administrator submitted to the Honorable Patrick Ouellet a Request for Approval of Fees and Expenses, including those of his professionals, up to November 15, 2024, which had been previously approved by the Autorité des marchés financiers (the "AMF").
- 1.12. On February 25, 2025, the Honorable Patrick Ouellet issued an order authorizing the Interim Administrator to collect his fees and expenses from the Defendants' assets.
- 1.13. On March 4, 2025, the Interim Administrator proceeded to collect his fees and expenses from the Defendants' assets.
- 1.14. On July 23, 2025, the Honorable Patrick Ouellet issued an order modifying the powers of the Interim Administrator to grant the latter the powers to implement an investment solicitation and sale process ("PSIV") targeting the assets of the MVMT Entities and to file, on behalf of the Solstar Entities, a notice of intent to make a proposal, a proposal or a transfer of property under the Act. **PSIV**) for the assets of the MVMT Entities and to file, on behalf of the Solstar Entities, a notice of intention to make a proposal, a proposal or a transfer of property under the *Bankruptcy and Insolvency Act* ("**BIA**").

2. STRUCTURE OF THIS REPORT

- 2.1. The purpose of this Third Report is to:
 - i. Inform the Court and the investors of the steps taken by the Interim Administrator since the issuance of his Second Report;
 - ii. Inform the Court and investors of any additional findings made by the Interim Administrator since the issuance of its Second Report;
 - iii. Inform the Court and investors of the fees incurred in connection with the Interim Administrator's mandate; and
 - iv. Inform the Court and investors of the next steps that the Provisional Administrator plans to take for the Entities in the short and medium term.
- 2.2. The Third Report includes the following sections:
 - Steps taken, findings and next steps in relation to the WH Entities (**Section 3**);
 - Steps and findings in link with the other related related (**Section 4**);
 - Steps taken, findings and next steps in relation to MVMT entities (**Section 5**);
 - Steps taken, findings and next steps related to Solstar entities (**Section 6**);
 - Status quant to fees and disbursements of the Administrator (Section 7); (**Section 7**);
 - Conclusions and Recommendations (**Section 8**).

- 2.3. To avoid duplication, the Third Report does not repeat the allegations contained in the *ex parte* and in camera Application for the Appointment of a Provisional Administrator of the Authority (**the** “Application”), the Order, the First Report, and the Second Report.
- 2.4. Unless otherwise indicated in the Third Report, the Interim Administrator has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would be consistent with generally accepted assurance standards, nor has it reviewed or revised the financial information referred to in this report in accordance with the Canadian Certified Professional Accountants Handbook.
- 2.5. Unless otherwise indicated in the Third Report, all amounts are expressed in Canadian dollars. Capitalized terms not otherwise defined in the Third Report have the meanings given to them in the First Report, the Second Report or the Application, as applicable.

3. STEPS TAKEN, FINDINGS AND NEXT STEPS IN RELATION TO WH ENTITIES

A. Administrative steps taken since the issuance of the Second Report

a. Communication with VMWH and GAWH customers

- 3.1. Since the issuance of the Second Report, several VMWH and GAWH customers have continued to contact the Interim Administrator.
- 3.2. Since his appointment, the Interim Administrator has received just over 400 calls and approximately the same number of emails from VMWH and GAWH clients.
- 3.3. The communications received by the Interim Administrator from VMWH and GAWH clients since the issuance of the Second Report continue to address the issues described therein, but also include the following additional issues:
 - i. The lack of communication, follow-up, and transparency on the part of issuers related or unrelated to the WH Entities;
 - ii. The lack of consistency between the information held by VMWH and GAWH clients regarding their investments and the information disclosed by the issuers regarding their portfolio.
- 3.4. Two observations emerge from the numerous communications received from investors.
- 3.5. First, it appears that many investors seem to lack understanding and knowledge of the products distributed on the exempt market, how this type of exempt investment works, and the risks associated with it.
- 3.6. Secondly, based on information received from certain investors, the Provisional Administrator has found that these investors do not appear to have a risk profile associated with an investment in the exempt market.

- 3.7. Since the Second Report, the Interim Administrator has continued its communication campaign with investors by sending them three (3) additional notices and publishing a frequently asked questions (FAQ) section on its website.
- 3.8. The three notices mentioned above address the following issues:
- i. 3^e Notice: Information regarding the publication of the Second Report and the end of the insurance period for the insurance policy against errors and omissions of the Entities WH , including , , number , , policy , , , SRD624236 (the "**Insurance Policy**");
 - ii. 4^e Notice: Information regarding the claims process with Victor Insurance Manager for investors who believe they have a claim arising from an error or omission or a risk otherwise covered by the Insurance Policy;
 - iii. 5^e Notice: Information regarding the update of the unit value of the shares held by investors of the MVMT Entities and the Solstar Entities and the update regarding the other issuers related to the WH Entities.
- 3.9. The notices sent to investors are all available in English and French on the Provisional Administrator's website.

b. Banking management of the WH Entities

- 3.10. Since its appointment, the Interim Administrator has managed and controlled the banking operations of the WH Entities for all known bank accounts.
- 3.11. The Interim Administrator has ensured that deposits made into the various accounts of the WH Entities are monitored and that only payments made to cover expenses specific to their operations are authorized.

B. Update on the Second Report regarding the commitments made by certain representatives of the WH Entities

- 3.12. Paragraph 2.121 of the Second Report stated that the WH Entities are cooperating with the Interim Administrator in the exercise of his powers, with the exception of the transmission of the commitments made during the interview on October 21, 2024.

- 3.13. The Provisional Administrator confirms that the WH Entities continue to cooperate with him in the exercise of his powers and that he is satisfied with the commitments transmitted by the WH Entities arising from the questioning of Mr. Baltzis and Mr. Bernard.

C. Development of an Action Plan and meeting with WH Entity leaders

- 3.14. As mentioned in the Second Report, in order to address the deficiencies, concerns and issues identified to date in relation to the governance and compliance of the WH Entities and related issuers, the Interim Administrator has begun steps to implement an Action Plan.
- 3.15. On November 27, 2024, the WH Entities' management submitted a transition plan for discussion.
- 3.16. After analyzing this transition plan, the Interim Administrator concluded that it was not satisfactory to permanently correct the deficiencies, concerns and issues identified.
- 3.17. That said, several proposals contained in the transition plan demonstrated a willingness on the part of the WH Entities' management to address some of the deficiencies, concerns and issues identified.
- 3.18. Following additional discussions, the Interim Administrator prepared a Preliminary Action Plan aimed at permanently correcting the deficiencies, concerns and issues and thereby allowing for the eventual lifting of the interim administration.
- 3.19. As mentioned in the Second Report, the Interim Administrator gave the Authority and the WH Entities' management the opportunity to provide their comments on the Preliminary Action Plan.
- 3.20. Initially, the Interim Administrator received certain comments from the Authority.
- 3.21. Second, the Interim Administrator met with the WH Entities' management on February 25, 2025, in the presence of the WH Entities' lawyer.
- 3.22. During this meeting, the Interim Administrator presented his Preliminary Action Plan, obtained comments from the WH Entities' management, and discussed the steps to be taken to eventually lift the interim administration.
- 3.23. The preliminary action plan focused, in particular, on the following elements:
- i. Listing of VMWH on the exempt market;
 - ii. Restriction/limitation of GAWH's listing;
 - iii. Registrations of T. Baltzis (designated responsible person, portfolio manager, mutual fund representative, and exempt market representative);

- iv. Role of T. Baltzis – Governance;
 - v. Function of T. Baltzis on the board of directors of issuers on the exempt market;
 - vi. Richard Bernard (Chief Compliance Officer and Portfolio Manager);
 - vii. Application for registration as an insurance firm;
 - viii. Consulting services billed to related issuers;
 - ix. Role and function of T. Baltzis and D. Kufedjian following the possible lifting of provisional administration;
 - x. Provision for customer/investor claims.
- 3.24. During this meeting, the WH Entities' management agreed to implement certain measures contained in the Action Plan in the short term and had the opportunity to propose certain amendments, some of which were acceptable to the Interim Administrator.
- 3.25. Since then, and as mentioned below, several of the elements covered by the Action Plan have been implemented, and the Interim Administrator and the WH Entities' management are still in discussions to finalize the implementation of the other elements of the Action Plan.

D. Elements of the Action Plan implemented as of the date hereof

i. The listing of VMWH on the exempt market

- 3.26. Following a voluntary delisting request submitted by VMWH on or about December 13, 2024, its registration as a dealer on the exempt market was suspended on December 14, 2024, in all provinces where it was registered. In addition, this registration is in the process of being revoked.
- 3.27. In collaboration with the Interim Administrator, on or about January 10, 2025, VMWH sent a notice to all of its clients with investments on the exempt market to inform them of the voluntary delisting request and the suspension of its registration on the exempt market.
- 3.28. The same notice also informed customers that VMWH could no longer act as a broker, dealer, or advisor for products on the exempt market and that they were invited to find another representative registered on the exempt market.
- 3.29. It should be noted that this voluntary deregistration was precipitated by the WH Entities' inability to obtain new insurance coverage for activities related to the exempt market following the expiration of the insurance coverage period under the Insurance Policy.

ii. Restriction/limitation of GAWH's registration

- 3.30. Considering the deficiencies, concerns and issues identified with GAWH, which included exempt market products of issuers in the investment portfolios of clients under GAWH's discretionary management, the Interim Administrator is continuing its analysis and intends to make a decision in this regard.

iii. Registrations of T. Baltzis (Designated Responsible Person, Portfolio Manager, Mutual Fund Representative and Exempt Market Representative)

- 3.31. The Interim Administrator, in collaboration with the officers of the WH Entities, is taking steps to replace T. Baltzis as designated responsible person.
- 3.32. Furthermore, following VMWH's voluntary deregistration as a broker on the exempt market, T. Baltzis is no longer registered as a representative on the exempt market.
- 3.33. T. Baltzis' other registrations will be subject to further discussion, and the Interim Administrator and/or the Authority will take the necessary measures, if any.

iv. Role of T. Baltzis – Governance

- 3.34. The Interim Administrator, in collaboration with Me Anick Morin and Ms. Diane Gogan, intends to improve the governance rules of the WH Entities, which could have an impact on the role(s) of T. Baltzis.

v. T. Baltzis' role on the board of directors of issuers on the exempt market

- 3.35. At the request of the Interim Administrator, T. Baltzis has agreed to resign from the board of directors of the following related issuers:
- i. Trinity Hotels – January 21, 2025;
 - ii. NewOak Finance Inc. – March 25, 2025;
 - iii. The FoodCourt Inc. – March 25, 2025;
 - iv. Solstar Pharma Inc. – March 25, 2025;
 - v. Beauty World Search Inc. – March 25, 2025;
 - vi. Immex Inc. – March 25, 2025; and
 - vii. WattbyWatt Inc. – March 25, 2025.

vi. Richard Bernard (Chief Compliance Officer and Portfolio Manager)

- 3.36. Considering, among other things, the questioning of Mr. Richard Bernard, the Interim Administrator is of the opinion that he does not have the necessary skills and professionalism to perform the duties of Chief Compliance Officer and Portfolio Manager.
- 3.37. The officers of the WH Entities have agreed to replace Mr. Bernard as Chief Compliance Officer and have proposed to limit his role to investment fund management.
- 3.38. The situation surrounding Mr. Richard Bernard will be subject to a decision by the Interim Administrator and/or the Authority.
- 3.39. On February 10, 2025, the Interim Administrator, with the cooperation of the officers of the WH Entities, signed a contract with King Street Associates Inc. to assist the WH Entities in the search for a new Chief Compliance Officer.
- 3.40. The officers of the WH Entities conducted several interviews and submitted the candidacy of Ms. Diane Gogan to the Interim Administrator.
- 3.41. Ms. Gogan passed all of her exams, and her application for certification to act as Chief Compliance Officer for VMWH was accepted by the Authority.
- 3.42. Ms. Gogan took office as Chief Compliance Officer of VMWH on or about May 7, 2025, and, subject to the Authority's approval of her certification, will also serve as Chief Compliance Officer of GAWH in the coming weeks. Ms. Gogan has since begun reviewing the file, the various reports of the Interim Administrator, and the report of Ms. Ginette Depelteau appended to the Second Report.
- 3.43. In addition, the Interim Administrator has retained Ms. Anick Morin, a compliance lawyer, to ensure, among other things, that the corrective measures implemented since the Second Report or implemented by Ms. Gogan are satisfactory in relation to the concerns identified and comply with applicable regulations. Ms. Morin will also be able to report on any additional recommendations she may have.
- 3.44. In addition, it is the Interim Administrator's intention that Ms. Morin submit her observations and recommendations regarding the potential appointment of Ms. Laury Lavoie Cosette, the candidate proposed by the officers of WH Entities as Chief Compliance Officer and Designated Responsible Person.
- 3.45. Following the appointment of Mr. Morin, a meeting was held on July 3, 2025, between Mr. Morin, the Interim Administrator, his counsel, Ms. Gogan, and the officers of the Whitehaven Entities to discuss the next steps to be taken in connection with this mandate and the objectives.

vii. Application for registration as an insurance firm

- 3.46. As this application was rejected by the Authority, this item is no longer relevant.

viii. Consulting services billed to related issuers

- 3.47. As noted in paragraphs 2.69 to 2.93 of the Second Report, the Interim Administrator is concerned about the "consulting services" provided or offered by the WH Entities to related issuers.
- 3.48. Consequently, the Interim Administrator intends to implement governance and compliance rules to address this issue, which raises, among other things, the appearance of conflicts of interest.

Role and function of T. Baltzis and D. Kufedjian following the possible lifting of provisional administration

- 3.49. The Interim Administrator intends to continue its discussions with T. Baltzis and D. Kufedjian regarding their roles and functions, taking into consideration the observations of the stakeholders, including the recommendations of Mr. Morin.

ix. Provision for client/investor claims.

- 3.50. In the context of the end of the coverage period of the Insurance Policy covering activities on the exempt market, more than 367 investors and clients of the WH Entities have submitted insurance claims to the insurance manager Victor.
- 3.51. The insurance claims are currently being processed by Victor, and the Interim Administrator has not been involved in the processing or review of these claims.
- 3.52. Furthermore, on December 13, 2024, the Authority forwarded to VMWH, GAWH, T. Baltzis, D. Kufedjian and Richard Bernard, stating that the latter are liable for regulatory breaches and that the Authority will take appropriate action.
- 3.53. Also on July 4, 2025, the Interim Administrator received service of a Request for Interim and Provisional Orders from the Authority against T. Baltzis, D. Kufedjian and Richard Bernard (the "**Request for Orders**").
- 3.54. The Request for Orders was *pro forma* ready for filing with the Financial Markets Administrative Tribunal (the "FMAT") on July 10, 2025.
- 3.55. The TAMF has scheduled a hearing on the Application for Orders for September 2025.
- 3.56. In the Application for Orders, the Authority is seeking from the TAMF, among other things, orders relating to securities registration rights, certificates in all disciplines of T. Baltzis, D. Kufedjian and Richard Bernard, and the roles of the latter.
- 3.57. The Interim Administrator does not intend to contest the Application for Orders against T. Baltzis, D. Kufedjian, and Richard Bernard.
- 3.58. Furthermore, the Interim Administrator has been informed that three (3) legal proceedings have been brought against certain WH Entities since his appointment by the following plaintiffs:

- i. Mr. Mikhail Babenko-Gofman – Claim in the amount of \$15,000 for alleged misconduct in the performance of duties as representatives of VMWH;
- ii. Mona Hébert and Hoang-Thai Nhan – Claim for \$468,000\$ for alleged misconduct while acting as representatives of VMWH;
- iii. Paul Kamasoulis – Action for oppression.

3.59. In this context, the Interim Administrator intends to hold discussions with the officers of the WH Entities and the insurer in order to establish, if appropriate, a certain monetary provision.

E. FINANCIAL UPDATE OF THE WH ENTITIES

3.60. The following table shows the income and expenses of the WH Entities for the period between September 13, 2024, and May 31, 2025.

WH Entities	For the period beginning September 13, 2024 and ending May 31, 2025					
	GAWH	PWH	VMWH	WHC	WHCR	TOTAL
Cash receipts						
Commissions	921,540	-	3,738,738	-	-	4,660,278
Management fees	76,224	-	32,497	-	-	108,721
Amounts received from representatives	-	-	27,211	-	-	27,211
Sublease income	-	22,995	-	-	-	22,995
Other	270,236	-	16,886	-	36,548	323,670
Transfer between accounts	-	69,170	-	-	-	69,170
Total cash receipts	1,268,000	92,165	3,815,332	-	36,548	5,212,045
Disbursements						
Salaries and social security contributions	179,599	-	710,082	-	-	889,681
Commissions paid to representatives	-	-	2,800,489	-	-	2,800,489
Subcontractors	-	-	166,473	-	-	166,473
Rent	-	88,584	-	-	-	88,584
Insurance	16,721	-	58,861	-	-	75,582
Car rental	-	-	29,499	-	-	29,499
Office expenses	228,244	172	178,900	-	-	407,316
AMF penalty	-	-	67,500	-	-	67,500
Professional fees - Provisional administration	487,936	-	-	-	-	487,936
Financial expenses	-	-	-	-	-	-
Bank fees	203	-	5,492	-	-	5,695
BDC loan repayment	7,020	-	-	-	19,515	26,535
Transfer between accounts	57,580	-	11,590	-	-	69,170
Other	132,391	4,421	2,613	-	-	139,425
Total disbursements	1,109,694	93,177	4,031,499	-	19,515	5,253,885
Change in cash	158,306	(1,012)	(216,167)	-	17,033	(41,840)
Cash at beginning	648,322	3,284	512,578	696	587	1,165,467
Cash at end	806,628	2,272	296,411	696	17,620	1,123,627

3.61. Cash receipts identified as "Other" represent government grants and expense reimbursements from WhiteHaven's Canadian and US investment funds.

3.62. Commissions paid to representatives are related to group savings and not to investments in the exempt market.

- 3.63. Subcontractor fees represent amounts paid to a subcontractor used by the WH Entities for internal bookkeeping.
- 3.64. Office expenses include various administrative expenses and other disbursements associated with service providers related to operations.
- 3.65. Disbursements identified as "Other" are mainly related to sales tax rebates.
- 3.66. As a result, there was a decrease in cash at VMWH, PWH and on a consolidated basis. In addition, at the request of the WH Entities' management, the fees approved by the Court were deducted in full from GAWH's bank account.

F. NEXT STEPS

- 3.67. The Interim Administrator intends, in particular, to continue implementing the Action Plan, in collaboration with the managers of the WH Entities, and to obtain the findings and recommendations of Ms. Anick Morin to ensure that the compliance and governance issues are resolved or, if necessary, that a recovery plan be prepared by Ms. Morin and the Interim Administrator and implemented, in particular by the new compliance officer.

4. STEPS TAKEN, FINDINGS AND NEXT STEPS IN RELATION TO RELATED ISSUERS

- 4.1. As mentioned in the Second Report, the Interim Administrator, in collaboration with Raymond Chabot, intended to continue its work related to the valuation of the units of certain related issuers whose valuation and information provided to investors appeared, in some cases, to be misleading or questionable.
- 4.2. This approach was consistent with the following conclusion of the Order:

"Suspend all new sales of products on exempt markets to enable him [the Interim Administrator] to ensure that the products offered to customers are properly valued, including, but not limited to, the value of the shares, and that conflicts of interest arising from the sale of products of related or associated issuers are adequately disclosed and adequately managed, in accordance with applicable regulations, and lift such suspension when it deems appropriate, if applicable."
- 4.3. Investors, WH Entities and representatives were informed following the Order that all new sales of products on the exempt market by WH Entities and their representatives were suspended.
- 4.4. However, the suspension on December 14, 2024—and possible revocation—of VMWH's registration as a dealer on the exempt market, as well as the significant costs associated with obtaining a reliable valuation of the related issuers, led the Interim Administrator to not pursue this valuation process.

- 4.5. Therefore, on April 9, 2025, the Interim Administrator sent a 5^e notice to investors informing them that it could no longer justify the use of additional funds in such circumstances.
- 4.6. That said, the Interim Administrator has sent requests for information to various issuers whose products may have been distributed or managed by the WH Entities in order to obtain certain responses that could provide further clarification to investors.
- 4.7. The Interim Administrator has attached to **Appendix A** a summary table of the responses received from issuers who responded to the Interim Administrator's requests.
- 4.8. Since this could affect investors, the Interim Administrator has noted that certain issuers are (i) subject to a cease trade order (CTO), (ii) subject to insolvency proceedings, (iii) no longer in business, or (iv) currently unable to honor redemption requests.
- 4.9. Furthermore, with respect to Solstar and as mentioned below, the value of its units was recently reduced to \$0.01. As a reminder, approximately 960 investors invested a total of more than \$10.5 million in Solstar.
- 4.10. It should be noted that prior to the Order, the value disclosed to investors of one unit of Solstar was \$113.59.
- 4.11. Furthermore, on or around April 9, 2025, the value of MVMT units was adjusted to the net asset value (NAV) of the fund as of December 31, 2023, divided by the number of units held by investors on that date, or \$8.72.
- 4.12. Following the publication of the financial statements as of December 31, 2024, the Interim Administrator requested that Olympia Trust change the value of the units to \$6.79 to reflect the net asset value as reported in the financial statements.

5. ACTIONS, FINDINGS AND NEXT STEPS RELATED TO MVMT ENTITIES

A. Actions taken since the Second Report

- 5.1. Since the Second Report, the Interim Administrator has taken the following steps with respect to the MVMT Entities:
 - i. Monitored the revenues and disbursements of the MVMT Entities;
 - ii. Analyzed the requests for receipts received from Ms. Élizabéth Fortin (“**Ms. Fortin**”), the sole trustee or administrator of the MVMT Entities at the time of the Order;
 - iii. Analyzed the requests received from Ms. Fortin in connection with certain loans;
 - iv. Monitored the SCMC (MVMT) loan portfolio;

- v. Submitted subpoenas to Ms. Fortin to proceed with her questioning;
- vi. Conducted Ms. Fortin's examination between January 30 and February 6, 2025;
- vii. Followed up with Ms. Fortin's attorney to obtain the commitments made by her during her examination;
- viii. Collaborated with PSB Boisjoli S.E.N.C.R.L. – LLP (hereinafter “PSB”), auditor of the MVMT Entities, in connection with the audit of the financial year ended December 31, 2024;
- ix. Produce the financial statements of the MVMT Entities and the *Notice of Use of Proceeds* form on SEDAR;
- x. Proceed with updating the unit value of the units held by investors in the MVMT Entities;
- xi. Issuing and sending tax statements (T3 and Relevé 16) to investors of the MVMT Entities for the fiscal year ending December 31, 2024;
- xii. Analyzed a letter of intent to acquire the assets of the MVMT Entities.

B. Financial position of the loan portfolio

- 5.2. According to the TMO loan tracking system, as at May 31, 2025, SCMC's loan portfolio consisted of 63 active loans (the "**Loans**"), compared to 76 active loans as at the Second Report.
- 5.3. The Loans represent a principal amount receivable of \$29.6 million, compared to \$32.1 million as of the Second Report. This change is due to the full or partial repayment of certain loans.
- 5.4. Since the Second Report, 13 loans have been collected for a principal amount of \$2.5 million representing the entire outstanding principal balance.

a. Loans in default

- 5.5. The Interim Administrator has prepared an update, dated May 31, 2025, on the Loans in default.
- 5.6. It is the Interim Administrator's understanding that a loan is past due if the last interest payment due has not been made by the borrower. The Interim Administrator based this analysis on the date of the last payment due according to TMO, considering that the borrowers' payments are not made directly to SCMC as indicated by the Interim Administrator in its previous reports, but rather to a company related to Ms. Fortin.
- 5.7. This analysis was carried out according to the following categories:
 - Loan in arrears for less than 30 days.
 - Loan in arrears for 30 days or more, but less than 90 days.
 - Loan in arrears for 90 days or more, but less than 180 days.
 - Loan in arrears for 180 days or more, but less than 365 days.

- Loan in default for 365 days or more.

5.8. The table presents the results of this analysis in comparison with the information contained in the Second Report. It can therefore be seen that:

- 6 loans, representing **\$7.4 million** or **21%** of the loans, are past due for more than 180 days but less than 365 days.
- 34 loans, representing **\$19.2 million** or **56%** of the Loans, are past due for more than 365 days.
- 40 loans, representing **\$26.6 million** or **77%** of the Loans, are therefore past due for more than 180 days (compared to 56% as of the Second Report).

Number of days past due in thousands of CAD-\$	According to the Third Report					According to the Second Report					Change	
	Capital	Interest	TOTAL	Proportion	Number	Capital	Interest	TOTAL	Proportion	Number	\$ (in thousands)	Number
Loans in good standing	2,756	23	2,779	8	10	5,625	41	5,666	16	22	(2,887)	(12)
Less than 30 days	1,321	1	1,339	4	7	8,212	122	8,334	23	11	(6,995)	(4)
30 days and over but less than 90 days	2,389	57	2,446	7	3	698	21	719	2	3	1,727	-
90 days or more but less than 180 days	1,401	68	1,469	4	3	999	62	1,061	3	3	468	-
180 days or more but less than 365 days	6,759	594	7,353	21	6	2,824	296	3,120	9	12	4,233	(6)
365 days and over	14,946	4,256	19,202	56	34	13,714	3,100	16,814	47	25	2,388	9
TOTAL	29,572	5,016	34,588	100	63	32,072	3,642	35,714	100	76	(1,126)	-

b. Loans past due (End of term)

5.9. The Interim Administrator also analyzed the Loans based on their maturity date as recorded in TMO.

Year of maturity in thousands of CAD\$	According to the Third Report		According to the Second Report		Change	
	Capital	Number	Capital	Number	\$ (in thousands)	Number
2021	315	2	315	2	-	-
2022	8,386	17	9,337	18	(951)	(1)
2023	8,517	16	8,975	18	(458)	(2)
2024	3,631	15	5,014	23	(1,383)	(8)
2025	7,677	12	8,177	14	(500)	(2)
2026	1,046	1	-	-	1,046	1
2029	-	-	254	1	(254)	(1)
TOTAL	29,572	63	32,072	76	(2,500)	(13)

5.10. The table in the following paragraph shows the number of Loans that are past due, their value and the average number of days past due.

5.11. The analysis shows that more than **59 Loans**, representing **\$27.7 million** or nearly **94%** of the principal balance of the Loans, are past due, an increase of \$5.7 million compared to the Second Report. The table also shows the number of Loans that are past due for more than 90 days and their value.

Summary of past due loans in thousands of \$			Number		Overdue for more than 90 days	
	Number	Value	Average number of days	% of portfolio	Number	Value
Less than 90 days	8	6,643	5	22.46	1	4,174
More than 90 days but less than 365 days	14	3,336	239	11.28	9	2,636
For more than 365 days	37	17,758	887	60.05	32	15,251
TOTAL	59	27,737			42	22,061

5.12. It can be seen that more than 60% of loans are past due by an average of more than 887 days and that more than 85% of these have been in arrears for more than 90 days.

5.13. In conclusion, the Interim Administrator can only conclude that the portfolio of loans granted by SCMC is in a vulnerable position. In this context, the Interim Administrator will have to take certain protective measures and implement an action plan to improve the situation.

C. The examination of Ms. Fortin

- 5.14. Following the service of subpoenas, the Interim Administrator and his attorneys conducted the examination of Ms. Fortin on January 30, February 3, 5, and 6, 2025.
- 5.15. During the interviews, Ms. Fortin agreed to approximately 110 commitments relating to the operations and loans of the MVMT Entities.
- 5.16. Despite numerous follow-ups by the Interim Administrator and even a subpoena, Ms. Fortin responded to only a very small number of the commitments made.
- 5.17. Several communications were received by the Interim Administrator's attorneys from Ms. Fortin's attorney, Ms. Chicoine, alleging certain reasons to justify Ms. Fortin's inability to forward the commitments more quickly.
- 5.18. However, considering that the commitments were made four months ago, the Interim Administrator is of the opinion that Ms. Fortin is failing or neglecting to cooperate with the Interim Administrator in providing the commitments that would allow the Interim Administrator to move forward with the investigation and provide additional answers to investors and the Court.
- 5.19. Since receipt of the missing commitments is essential to the Interim Administrator's work, the Interim Administrator intends to continue its efforts to obtain responses to the commitments made and, if necessary, will refer the matter to the Court.

i. Recap of the findings of the Second Report

- 5.20. As mentioned in the Second Report, the Interim Administrator found that certain information contained in the Offer Notice is false, misleading or incomplete in relation to the MVMT Entities.
- 5.21. The false or misleading information contained in the Offer Notice identified in the Second Report related to the following:
- The management of SCMC loans by one or more companies related to Ms. Fortin;
 - Loans granted by SCMC with co-lenders related to Ms. Fortin;
 - Collection of payments from SCMC borrowers by one or more companies related to Ms. Fortin;
 - Loans granted by SCMC in the amount of several million dollars to companies related to Ms. Fortin.
- 5.22. During Ms. Fortin's examination, the Interim Administrator allowed her to respond to questions related to the Interim Administrator's concerns mentioned above and to provide her version of the facts.

- 5.23. However, the questioning confirmed the Interim Administrator's concerns and the accuracy of the above-mentioned information, which is detrimental to investors.
- 5.24. Furthermore, the Interim Administrator noted Ms. Fortin's reluctance to address several issues and her inability to answer several relevant questions, preferring to indicate on several occasions that she needed to verify or consult her files before responding.
- 5.25. This approach largely explains the number of commitments made by Ms. Fortin.
- 5.26. However, despite numerous follow-ups, Ms. Fortin has consistently failed or neglected to provide the commitments made since the interviews held in January and February 2025.

ii. Contrary to the Notice of Offer, WHC is not the loan manager; that role is performed by GEF and/or Gestion EF, which manage SCMC loans from start to finish, including collections.

- 5.27. Ms. Fortin's questioning confirmed that WHC is not the loan manager and that the actual managers are GEF or Gestion EF, depending on whether SCMC acts as co-lender with GEF or with Gestion EF.
- 5.28. However, this conflict of interest was completely concealed from investors in the offering memoranda.
- 5.29. Surprisingly, Ms. Fortin's response to an introductory question regarding the relationship between GEF and SCMC was as follows:

Q. Were any services provided by Groupe Élisabeth Fortin to MVMT?

A. Wait a minute, let me think about that... I would say no, at first glance, because... I would say no at first glance, but I'll see if I change my answer later.

- 5.30. Finally, Ms. Fortin's response was as follows, confirming that GEF handles all aspects of the loans granted by SCMC:

A. Well, all services are provided by Groupe Élisabeth Fortin. We're talking about origination, we're talking about... paying Mouvement Capital, we're talking about... What can I say... Default, recovery... talking with clients, client management. Groupe Élisabeth Fortin does all of that. So we... I don't know, I'm just trying to understand exactly.

Q. Yes, yes, but the question... You're starting to answer, and it's the answer I'm expecting, in the sense that Groupe Élisabeth Fortin handles MVMT loans from A to Z?

A. That's right, yes.

Q. So, from loan analysis to loan approval to loan monitoring to loan collection...

A. Yes.

Q. To loan collection, to loan discharge? So, from A to Z, Groupe Élisabeth Fortin handles everything?

A. That's right, that's right. If that's the answer, then yes.

Q. OK. And Groupe Élisabeth Fortin is also a 50% shareholder in Gestion GEF-SF, is that correct?

A. Correct.

- 5.31. The situation is the same with regard to SCMC loan management when Gestion EF is a co-lender:

Q. OK. Did she perform any services or tasks for MVMT?

A. It's the same principle as Groupe. She does everything... she does everything from A to Z when the loan comes from Gestion.

Q. (...) when Management is co-lender with MVMT, Management handles all aspects of the MVMT loan, from A to Z, from analysis to approval to collection. And when Group is co-lender with MVMT, Group handles the management of the MVMT loan from A to Z, is that correct?

A. Correct.

- 5.32. But there's more. Prior to April 15, 2023, the trustees of the MVMT Entities were Ms. Fortin, Philippe Thibodeau, and Clayton Desautels.

- 5.33. According to Ms. Fortin, Mr. Thibodeau and Mr. Desautels resigned due to a conflict of interest related to the management of SCMC loans by Gestion EF and considering that SCMC granted a loan to a company whose shareholders are Ms. Fortin, Mr. Thibodeau and Mr. Desautels.

- 5.34. Surprisingly, even though Ms. Fortin found herself in the same conflict of interest situation as Mr. Thibodeau and Mr. Desautels, she decided to remain the sole trustee of the MVMT Entities:

Q. No, but my question was: are you aware that as a trustee, you must avoid placing yourself in situations of conflict of interest?

A. Yes.

Q. OK. You know that? Perfect. I think we talked about this a little earlier, but when the Fund was established in 2019, there were three trustees? Ms. Fortin?

A. Yes, that was the... I think that was the norm at the time. (...)

Q. No, no, I'm asking you, you there, is the objective of not being a trustee to not leave control of a fund to a single person? Do you agree with that?

A. Yes.

(...)

Q. OK? Now, I'll ask you the following question verbally: why did they resign?

A. The conflict of interest issue.

Q. OK. And what was the conflict of interest?

A. Well, it was the Strawberry loan, the financing of Strawberry.

Q. OK. But you're also involved in Strawberry, so why didn't you stop acting as a trustee if it was a conflict of interest?

A. I have no idea... I have no idea, I talked to people, and they said, "Look, we're going to do it this way." Then, it's... it's... I stayed there to continue the good... the good management of the Fund, and as far as I remember, replacing people was very complicated.

(...)

A. It's like... that's how we handled it, I can't tell you any more than that. And the other additional conflict of interest... In fact, to avoid another conflict of interest, given that we were setting up Gestion Groupe Élisabeth Fortin, well, that's when we also made the decision to have the two trustees resign.

Q. OK. So the two reasons for the conflict were the Strawberry loan and the creation of Gestion?

A. Yes.

Q. And again, you are involved in Gestion, correct?

A. Absolutely.

Q. OK. And in the May 2024 offering circular, it states:

"Following the resignation of Clayton Desautels and Philippe Thibodeau as trustees in March 2023 due to conflicts of interest, a process to appoint two new trustees is underway." What was the process that took place?

A. We decided not to go through the process because it was really complicated. Again, I'm summarizing because I'm not an expert on this. We had to send letters to all the investors and get a response in order to be able to replace them. In fact, I had found two new trustees, but you can't just put trustees in place. We had to go through the process of...

Q. But when did you decide not to go through with the process?

A. We discussed it internally with the people we own the company with, **Dimitri**, and then **Tommy**, and it was too complicated to go through the process. (...)

Q. You are the only one who controls the Fund in a situation where you know you have a conflict of interest, correct?

A. I understand.

Q. OK. You understand, but you also agree?

A. Well, I can't... I can't go against what you're telling me. But yes, I agree.

- 5.35. However, Mr. Desautels and Mr. Thibodeau are also indirect shareholders of Gestion EF, the company that manages SCMC's loans from A to Z. It is therefore understandable that although these two trustees resigned due to a conflict of interest, they continued to be involved in the management of SCMC's loans through Gestion EF.

- 5.36. In fact, Ms. Fortin wore many hats, stripping investors of any protections that would prevent conflicts of interest or the management of such conflicts by an independent and disinterested person:
- a) Sole trustee or director of the MVMT Entities, as applicable;
 - b) Majority shareholder, director, and president of GEF, co-lender with SCMC and manager of SCMC loans;
 - c) President and indirect shareholder of Gestion EF, co-lender with SCMC and manager of SCMC loans;
 - d) President and indirect shareholder of WhiteHaven Capital Inc., declared manager of SCMC loans, but which has not acted as manager;
 - e) Majority shareholder and president of Vega Solutions Inc., which performs data entry for MVMT Entities;
 - f) President and indirect shareholder of 9427-9759 Québec Inc., borrower of SCMC;
 - g) President and indirect shareholder of Les Propriétés Strawberry Inc., a borrower of SCMC;
 - h) Shareholder of 9399-0851 Québec Inc., borrower of SCMC;
 - i) Person responsible for authorizing SCMC loans, granting subordination, giving releases, selecting co-lenders, determining the allocation of the loan among co-lenders, obtaining collateral, managing loans, monitoring defaults and legal remedies, etc.
- 5.37. Not only were the numerous conflicts of interest and the actual managers of SCMC loans not disclosed in the offering memoranda, but this situation clearly led to decisions that were detrimental to the interests of investors.
- 5.38. As a non-exhaustive example, Ms. Fortin's questioning revealed that La Quinte Flush Royale Inc., a shareholder of Gestion EF, charged financial fees to SCMC.
- 5.39. It was also possible to understand that it is GEF or Gestion EF that collects the financial fees from SCMC's borrowers, even though some offering memoranda indicate that it is the latter that collects them.
- A.** There are two entities that receive remuneration: Management and the Group.
(...)
- Q.** There is a loan... MVMT grants a loan, and I want to know about this loan, the MVMT loan. What fees are paid by the borrower to Management or the Group in connection with the MVMT loan?
- A.** Well, it's a... Actually, I can give you the range, it's between 2 and 3%.
- 5.40. To the detriment of investors' interests, GEF and/or Gestion EF receive financial fees of around 2%, even for the portion loaned by SCMC to the borrower:
- Q.** Regardless of how the MVMT loan is allocated, is it Groupe or Gestion that collects the financial fee?
- A.** That's correct.

Q. So, for example, if I give you the example of a loan... MVMT pays out \$1 million, but Gestion or Groupe is there for \$10,000, it's still Groupe or Gestion that collects the financial fee, is that right?

A. Yes.

Q. And the financial fee is calculated on the total amount loaned, so not just the amount of the Group or Management loan, but that includes the total loan from all co-lenders, is that correct?

A. Correct.

- 5.41. So, not only does the SCMC borrower pay GEF or Gestion EF financial expenses on the entire amount borrowed from all co-lenders, but these financial expenses are collected directly and solely from the capital loaned by SCMC. In other words, SCMC finances the financial expenses paid to GEF or Gestion EF:

Q. OK. And that is paid out of the disbursement made by MVMT Capital? Is that correct?

A. Disbursed for the loan.

Q. Yes, yes, disbursed for the loan. So, in this case, for example, MVMT Capital made a disbursement of \$358,000, and from that amount, the fees and financial charges of Groupe Elizabeth Fortin in the amount of \$23,200 are deducted. And then, on the net, the borrower receives a smaller amount from the MVMT disbursement. Is that correct?

A. Correct.

- 5.42. The questioning made it clear that SCMC only charges a financial fee if it agrees to make a progressive disbursement, but does not charge any fees on the initial capital disbursed:

Q. Yes, I understand that, Ms. Fortin, but I just want to be sure I understand correctly. So, there is the initial financial cost, which is the amount of the loan that we know the lenders will disburse. That is paid to Groupe Elizabeth Fortin, and then it is paid from the initial MVMT disbursement. If that loan provides for additional loans, additional disbursements, then, at that point, if MVMT makes additional disbursements, then, at the end, there is 1.5% or 2% calculated on the additional MVMT disbursements that will go to MVMT. Is that correct?

A. Correct.

- 5.43. Another example of the adverse effects of these conflicts of interest is the fact that Ms. Fortin authorized loans granted by SCMC to related borrowers, including companies in which she is a shareholder. However, all of the active loans related to Ms. Fortin are in default.

- 5.44. Furthermore, during Ms. Fortin's questioning, she had no choice but to admit that she used a nominee to grant herself a related loan:

Q. OK. If I look, for example, at loan 15 to Hugo Lizotte, Mr. Hugo Lizotte, did he act as a nominee for one of your companies?

A. I don't think so. I would have to check.

Q. You don't think so? You need to check? What are you going to check to find out if Hugo Lizotte acted as a front man for one of your companies?

A. I'll look into it... I'll look into the loan itself.

Q. But it's... It seems to me that this is something you should know, whether Hugo Lizotte acted as a nominee for one of your companies? What do you have... I'm trying to understand what you need to check. Isn't this something you know?

A. Well, I'll check. Listen, I have so many loans, I don't know what to say right now. I have... I mean, I'll check. I'll get back to you with the information.

Q. OK. Well, are there any borrowers who signed loans with MVMT who are straw men?

A. That may have happened. (...)

Q. So, agreement between 9404-9764 Québec Inc. and Les Propriétés Strawberry. Do you remember that, Ms. Fortin?

A. OK.

Q. And Hugo Lizotte, in connection with loan number 15, the security on the lot for the building at 3528-3530 Ontario Street East.

A. OK.

Q. "That being stated, the parties agree that the act referred to in paragraph 1 was performed only in appearance, Hugo Lizotte never having had the intention of acquiring the said immovable property; that 9404-9764 Québec Inc. is the sole and only owner of the immovable property, despite the fact that the name 9404 does not appear; that 9404 assumes all expenses, taxes, and other costs related to the property, including mortgage payments to private lenders MVMT Capital." Do you remember that?

A. Well, at least you did the research for me. I don't need to get back to you with a commitment.

(...)

Me SABIA CHICOINE: Mr. Benmokrane, we have a commitment to get back to you. Ms. Fortin explained to you that she does not remember which file potentially involves nominees. A nominee is legal, so...

Mr. RACHID BENMOKRANE: Mr. Chicoine, a nominee is legal unless it goes against public order, one. And a nominee is particularly frowned upon when investor funds are used, when investors are told that there are no related borrowers, and in this case, Ms. Fortin is using nominees to obtain related loans. Yes, that is problematic.

(...)

Q. OK. It was not disclosed to the AMF, it was not disclosed to investors. Do you agree with me?

A. I agree with you.

iii. Contrary to the Notice of Offer, almost all loans granted are made with GEF and/or EF Management.

5.45. Despite the statements in the Offering Circulars, Ms. Fortin stated the following in her interrogation:

A. Um. We'll come back to that, but basically, MVMT never lends alone. So it's almost certain that there is either a co-lender or Groupe Elizabeth Fortin working with MVMT.

5.46. Considering the involvement of GEF and Gestion EF as co-lender to SCMC and manager of SCMC's loans, the Interim Administrator considered it important to ensure that investor funds were not used to make loans with a co-lender acting as a nominee or front.

5.47. When questioned about this, Ms. Fortin's responses were as follows:

Q. So, let me rephrase my question to make it clear. Is Groupe Élizabéth Fortin acting as a front for someone else in the context of loans? In other words, is the real lender not Groupe Élizabéth Fortin, but someone else?

A. I would have to check.

Q. You don't know?

A. I'll have to check.

5.48. Furthermore, during Ms. Fortin's questioning, the provisional administrator asked her about the Excel file used for SCMC loans prior to the use of TMO.

5.49. The provisional administrator found that the Excel file previously used by SCMC contained a list of "lenders notwithstanding" that could indicate the use of a nominee as co-lender for MVMT:

Q. Yes. In the last box, it says "REP co-lender NOB." What is that document?

A. It's information for the co-lender.

Q. OK. And what does "NOB" mean?

A. I would have to ask Mourad, that's... I would have to ask Mourad, those are all terms Mourad uses.

Q. What does "NOB" mean?

A. I have no idea. It's like "put your hand in... put the money in my hand," I didn't even see that in the Excel file. That's the file...

Q. "NOB," you don't know what that is?

A. I'll have to ask Mourad. That's Mourad's file, it's for back-office support.

(...)

Q. OK. So, the "NOB" tab, you told us you didn't know what that was?

A. It's old... it's old stuff.

Q. Is this MVMT Capital?

"I, the undersigned, Groupe Élizabéth Fortin, duly represented by Élizabéth Fortin, residing at [address redacted], declare and confirm the following. (...) "Notwithstanding the fact that, pursuant to the aforementioned loan agreement and its publication, I appear as co-mortgagee of the sum of \$18,550,000, the latter actually belongs to..."

(...)

Q. (...) So, let's continue, Ms. Fortin, have you ever used this document or a similar document to return the interest that Groupe Élizabéth Fortin received?

A. It's a... I'll get back to you: I need to look into my affairs.

- 5.50. The provisional administrator wishes to point out that the use of a nominee is not illegal in itself, but he is concerned about "such potential use not being disclosed to investors," "the use of such a scheme to conceal the presence of a co-lender for an unlawful purpose" or "the use of such a scheme to conceal a loan granted by SCMC to a person related to Ms. Fortin," if applicable.
- 5.51. Therefore, as of the date hereof, the Interim Administrator is still unable to inform investors with whom they ultimately granted loans.
- 5.52. Although the Interim Administrator requested Ms. Fortin to provide the Interim Administrator with certain documents and responses related to the potential use of nominee(s), Ms. Fortin has still not responded to these requests as of the date hereof, which leaves room for doubt.
- 5.53. In addition, the Interim Administrator asked Ms. Fortin why she did not disclose in the Offer Notices that virtually all (100% of the Active Loans) of the SCMC loans were made with GEF and/or Gestion EF, and her response was as follows:

Q. Why don't you state that you also make loans with Gestion Élisabeth Fortin?

A. Because I didn't know I had to do all that.

- 5.54. Although Ms. Fortin's questioning confirmed certain elements mentioned in the Second Report, several concerns remain unresolved.
- 5.55. Furthermore, during her questioning, Ms. Fortin confirmed that La Quinte Flush Inc., a company related to Ms. Fortin, acted as co-lender for loans issued by SCMC.
- 5.56. This represents an additional conflict of interest. Ms. Fortin cannot impartially defend the interests of SCMC, of which she is the sole trustee, and those of a company in which she is a shareholder, namely GEF, Gestion EF or La Quinte Flush Inc.
- 5.57. Ms. Fortin has confirmed that this information was not disclosed in the Offer Notices.

iv. Contrary to the Offer Notice, loans have been made to related borrowers

- 5.58. The Offering Memorandum, in the conflict of interest section, states the following:
- "Please note that all borrowers are arm's length third-party borrowers."*
- 5.59. During Ms. Fortin's questioning, and since the Offer Notice states that SCMC has not made and will not make any related loans, the Interim Administrator asked Ms. Fortin how many loans SCMC had made to a company or person related to Ms. Fortin.

5.60. Ms. Fortin's response was as follows, despite the fact that she is the sole trustee of the MVMT Entities and certainly cannot be unaware of the loans she has granted directly or indirectly:

A. I need to check, I can't answer that.

Q. You don't know?

A. No.

5.61. Although Ms. Fortin told the Authority that SCMC had made only one (1) related loan, the Interim Administrator's analysis of the loans showed that SCMC, through Ms. Fortin, had made several loans related to her.

5.62. When asked about the failure to disclose related-party loans to investors, Ms. Fortin replied as follows:

Q. But you know there are related loans?

A. Yes, yes, and some have been disclosed.

Q. In fact, no related loans were disclosed in the offering circular. The only time you disclosed a related loan was in response to a request from the AMF, which asked, "Why was the loan to Les Propriétés Strawberry, loan 162, not disclosed?" You replied to the AMF, "This is an isolated case; there are no others."

A. Well... well, that's not the question. The question is: as far as I was concerned, there were no others at that time. When was that, three years ago? Four years ago?

Q. No, did you send the response to the AMF in July 2024?

A. Ah, well, I'll... I'll check, I'll check. Listen, it's... I don't have an answer for you. Because I need to look at the... I need to look at the... the connection between the... between the people or between the entities there. I just need to dig into it. I have no idea right now, I need to look into it."

5.63. In addition, the Interim Administrator requested, as a commitment, that Ms. Fortin provide him with all SCMC loan numbers granted to her or to a related person, but no response has been provided as of the date of this report.

- 5.64. Well although Ms. Fortin has always not transmitted the commitments, the Provisional Administrator confirmed the following related loans:

Loan No.	Link	Principal	Default (number of days)
MVMT – 162 (consolidated loans from loans MVMT 57, 60, 123, and 126)	Ms. Fortin is a shareholder, directly or indirectly in the borrower	4,173,750 \$	221
MVMT-061	Ms. Fortin is a shareholder, directly or indirectly in the borrower	1,738,500 \$	39
MVMT – 15	Ms Fortin is a shareholder, directly or indirectly in the borrower and a nominee has been used in as borrower	780,000 \$	225
MVMT – 141	Ms Fortin is guarantor	250,000 \$	979
MVMT – 69	Ms. Fortin is guarantor	915,945 \$	1462

- 5.65. All of the above-mentioned related loans are in default, represent total principal amounts outstanding of slightly more than \$7.8 million and represent 26.7% of MVMT's active loans.

a. Related loans identified and mentioned in the Second Report

- 5.66. In its Second Report, the Interim Administrator identified the following SCMC loans related to Ms. Fortin.

Loan 061-MVMT (principal amount outstanding as at May 31, 2025 – \$1.7 million)

- 5.67. During Ms. Fortin's questioning, the Interim Administrator confirmed that this loan had not been disclosed in the Offer Notices or to the AMF.

- 5.68. In the Second Report, the Administrator identified the following issues with this loan:

“This \$4.1 million loan granted by SCMC, with a current balance of \$1.7 million, was granted to 9427-9759 Québec inc. However, the shareholders of this borrower include Hyperia Capital Inc. (Elizabeth Fortin) and La Quinte Flush Inc. (Philippe Thibodeau and Clayton Desautels).

This is therefore a loan to a related borrower that was not disclosed and is contrary to the Notice of Offer.

This loan was to be secured by a mortgage in favor of SCMC encumbering lots 5,092,270 to 5,092,278. However, no mortgage was created in favor of SCMC in respect of this loan.

Instead, the mortgage was granted to PHILUC Inc., GEF, and Commandité MVMT. However, the shareholder of Commandité MVMT is WHC, a company owned by PWH and Hyperia Capital Inc. (Élizabeth Fortin). This situation appears to be unique to this loan to a related borrower and is detrimental to the interests of investors, who do not hold any shares in Commandité MVMT.

With regard to the mortgage, Élizabeth Fortin signed on behalf of the borrower, and she and her spouse, Mourad Amal, are personal guarantors.

- 5.69. The Interim Administrator questioned Ms. Fortin about the security related to this loan:

Q. We have analyzed the loan and the limited partnership has no published security. Can you explain why?

A. Uh, hold on a second. Let me check. I have it, I have it... No, it's supposed to be on the field there.

Q. Will you check and then explain to me why it's not the limited partnership that has the security, but the general partner MVMT?

A. Ah, it may be a mistake by the notary, for example.

Q. A mistake by the notary?

A. But normally, it's always the same entity that lends the money. There's no difference in that regard; it was just a mistake made by a notary who didn't do their job properly.

Q. But I thought you had a verification process for notaries?

A. Well, the answer is yes, but that... Look, with the amount of things we do sometimes in a day, things can slip through the cracks.

Q. And it's just a coincidence that it's a loan related to you?

A. I'm not saying it's a coincidence, that's not what I said.

- 5.70. The Interim Administrator asked Ms. Fortin to confirm who made the disbursement for loan 061-MVMT and why the security was granted to CMI and not to SCMC. However, Ms. Fortin never responded to this request.

5.71. As of the date of the examinations, loan 061-MVMT was 818 days past due. The Interim Administrator questioned Ms. Fortin on this matter:

Q. Are you aware that this loan has been past due for 818 days?

A. No.

Q. No...

A. It's possible.

Q. You don't know?

A. I don't check the due dates.

Q. Well, it's a loan linked to you, Ms. Fortin, and it worries me when I see that the loan has been overdue for 818 days. So, do you have an explanation as to why this loan is overdue?

A. I'm not worried about a loan that's past due. I already have... I have a lot of other loans that are past due with days like this. It's not overly worrying. The important thing is that we have equity, collateral, and the land.

Q. OK. So what's the collateral for that loan?

A. It's land in Tremblant. (...)

Q. OK. Then why isn't the default interest rate being applied since it's past due?

A. I can't answer that, I'll have to look into it. (...)

Q. And I understand that there is no procedure for recovering this loan, which was initiated by you? So, no formal notice, no tolerance agreement, no advance notice, no acknowledgment of debt, no recourse?

A. We are currently working with buyers to... We are expecting to receive a purchase offer shortly. We already have one, which I have filed in the directory. Um. I am waiting for a better one.

Q. The offer, the purchase offer we have on file, is dated May 15, 2024. Are you aware of that?

A. Yes.

5.72. As of the date of the interviews, no evidence of financing had been obtained from SCMC in connection with the purchase offer, no due diligence had been performed, and no memorandum of understanding regarding infrastructure had been obtained.

5.73. As of today, this loan is still in default and the Interim Administrator intends to take the necessary steps to recover this loan for the benefit of the investors.

Loan 162-MVMT (principal amount due on May 31, 2025 – \$4.2 million)

- 5.74. In the Second report, the Administrator had identified the following problematic elements relating to this loan:

*"According to the land registry analysis, two mortgages were granted to SCMC and two co-lenders, including Gestion EF on lot 5,581,297. The first was published on February 10, 2021, for an amount of \$227,000, and the second was published on April 20, 2022, for an amount of \$5.5 million (the "**Securities**").*

*However, these two securities were cancelled on May¹, 2023. This cancellation occurred following financing obtained by Strawberry in April 2023 from Laurentian Bank of Canada ("**LBC**") in the amount of \$7.245 million.*

We are of the opinion that in a context where this type of transaction would have been entered into between arm's length parties, the proceeds of the BLC loan would have been used to repay the SCMC loan in the amount of \$2.7 million that was due on that date, which was not the case.

- 5.75. The Interim Administrator questioned Ms. Fortin about the issues identified:

Q. OK. So, just to be clear. Strawberry obtained MVMT bank financing, you released the MVMT security interests without consideration, and now we're waiting for an exit to get paid? Is that correct?

A. The mortgage is on the Phase 2 land that will be sold with the project, which is currently going to be sold shortly...

Q. But Phase 1, there...

A. To repay... Yes?

Q. Phase 1, we agree that you signed releases for MVMT to remove the MVMT security interests that MVMT held on Phase 1 without being reimbursed? Are we clear on that?

A. Correct. Yes."

- 5.76. The Interim Administrator also questioned Ms. Fortin about loan 57-MVMT, which was allegedly consolidated with loan 162-MVMT:

Q. So I see that loan 57 was a loan to Les Propriétés Strawberry. Do you remember?

A. I would have to check, 57, 64, 32, maybe.

Q. OK. Well, I see 57 is Strawberry; 60 is Strawberry; 126 is Strawberry, and then 123 is James Morton in parentheses (NOB). We remember that last time we saw NOB, it was on the famous list of non-objections or nominees. So what is the situation surrounding loan 123? Who is the actual borrower?

A. I need to... I need to check.

Q. OK. You don't know?

A. I don't have that information in front of me right now.

Q. I'm going to ask you to check who the borrower is for loans 57, 60, 123, and 126, tell us separately, and also explain the note for loan 123 "James Morton, [in parentheses] (NOB)]" and tell us if any of these loans involved a borrower acting as a nominee. OK?

Q. So, I understand that there is not just one isolated case, such as the Strawberry 162 loan, but that there were also previous loans made to a related party, namely Strawberry? Is that correct?

A. Correct. Well, it's a continuation...

Q. I understand, but you agree with me that you did not inform investors in the offering circular, nor did you inform the AMF, that there had been previous loans with related companies?

A. No.

5.77. Ms. Fortin has still not responded to the commitments requested by the Interim Administrator regarding loans 57, 60, 123, and 126.

5.78. Furthermore, it is concerning that Ms. Fortin signed a release of the security held by SCMC without obtaining any monetary consideration to reduce SCMC's risk. Everything suggests that this decision was made to benefit the borrower related to Ms. Fortin, and this situation is detrimental to the rights and interests of investors.

5.79. The Interim Administrator also questioned Ms. Fortin about the fact that the borrower had been in default for more than 90 days at the time of the questioning:

Q. I see that this loan, and I may not be 100% up to date, but I see that the loan has been in default for 90 days. What explains... Why... Why isn't MVMT being paid right now?

A. Well, right now, we've put a lot of money into the legal mortgages, which were more than \$1 million, \$1.5 million. So it was more important to settle the legal mortgages in order to move forward. Then, at the same time, we found someone to take over the project. We received a term sheet that I need to read and understand before looking at everything. So that's where we decided to put the money right now.

Q. But you know you owe MVMT over \$4 million?

A. Regardless, yes. The answer is yes. I... It will be paid, and we paid back half a million in September or October, I think.

5.80. The Interim Administrator then questioned Ms. Fortin about a letter of intent obtained as a commitment:

Q. And now, in the documents you sent us, there is an agreement in principle, a letter of intent, but it is only an unsigned draft. Where are you at with that?

A. I received another version yesterday that I have to validate. But as I speak to you now, I can't validate it.

Q. And in the version you sent us, we see that Laurentian Bank would be paid, but there is no mention of MVMT being paid?

A. Actually, we can't pay Laurentian Bank because they're the ones who will continue to make the disbursements.

(...)

Q. OK, but in this whole scenario, when does MVMT get paid?

A. At this point, I don't have an exact answer. We need to... We need to reach an agreement with them. It could be at the end of Phase 1 construction, when they have sold the building because they don't want to keep it, they want to sell it. Phase 2 should also start very soon, to ensure that they can optimize their construction costs to complete both projects.

(...)

Q. Yes, but MVMT doesn't even have security on Phase 1. How will MVMT be paid from the sale of Phase 1?

A. I will provide that in the letter of intent.

- 5.81. The provisional administrator requested a commitment in the form of an updated letter of intent showing how SCMC would be repaid. Ms. Fortin never provided this commitment.
- 5.82. Ms. Fortin's questioning regarding loans 061-MVMT and 162-MVMT shows that companies related to her benefited from SCMC funds and that SCMC has no specific plan to repay SCMC the principal and accrued interest on these loans.
- 5.83. As of today, this loan remains in default and the Interim Administrator intends to take the necessary steps to recover this loan for the benefit of investors.

Loan 141-MVMT (principal amount due on May 31, 2025 – \$250,000) and Loan 69-MVMT (principal amount due on May 31, 2025 – \$916,000)

- 5.84. Ms. Fortin acknowledged during her examination that a loan for which she had acted as personal guarantor was a loan related to her:

Q. You personally guaranteed a loan, is that because it is a loan related to a borrower who is related to you?

A. Um. Who is our company, if there is another one besides Strawberry?

Q. OK. OK. So if you personally guaranteed it, it's a company you're related to, correct?

A. Correct.

- 5.85. The Interim Administrator questioned Ms. Fortin about her relationship with borrower 9399-0851 Québec Inc.:

Q. So, the loan, loan 69, Ms. Fortin, is a loan that was granted by MVMT to a company called Québec Inc., 9399-0851 Québec Inc., Mario Farrace. We talked about this during the last examination. You remember Mario Farrace, you told us he was a business partner, is that correct?

A. Um... Yes, he's a... he's a client.

(...)

Q. In this loan, Ms. Fortin, you signed as the borrower's representative. Can you explain why?

(...)

A. Yes, I see that, and I took it out of the file with Mario quite a while ago, maybe a little after that, but I can't give you the date.

Q. So, at the time of this loan, you were in a business relationship with Mr. Farrace, is that correct?

A. Yes.

(...)

Q. OK. And what was your involvement as a business partner in this case?

A. Well, it was the financing.

Q. Well, apart from issuing the financing for MVMT, what else did you do in connection with that project?

A. I didn't do anything else.

Q. OK. Well, why did you sign as the borrower's representative? What is your involvement in 9399?

A. I don't understand the question. It's... It's... It's doing... It's doing the project with the person.

(...)

Q. But are you involved in any way in the borrowing company, the... the Québec inc.?

A. I was, but not

anymore. (...)

Q. OK. Then you sign here. Normally, when a bank makes a loan, as MVMT did in this case, the bank does not sign as a personal guarantor. So I'm trying to understand why you... MVMT makes a loan and you, personally, guarantee that loan.

Q. Ms. Fortin, can you read section 33 in front of you? That's what Mr. Benmokrane is asking you about.

(...)

A. Yes, that's right, well, it was... it was... Actually, it was... I can't say I'm doing the project because I'm not doing the project. Yes, it's... it's the... the question of intervention and personal guarantee.

Q. Yes. Why did you... [...]

A. Well, to work with the person.

Q. Okay, what was your... What were you hoping to gain from this project?

A. A share of the profits, if possible.

Q. Okay. It's not easy to get clear answers, Ms. Fortin. No involvement, and then we end up...

5.86. The provisional administrator also questioned Ms. Fortin about the loan defaults:

Q. This is a loan that has been overdue for 993 days and in default for 1,328 days. Explain that to us. Why? You were monitoring it, you say you were monitoring the financing. What is going on with this file?

A. The client was defrauded by a contractor.

Q. OK. And what does that mean for MVMT, which isn't getting its money?

A. It's... It's... What that means is that the client had a problem for several months getting the project back on track, and it cost him \$800,000 in fraud. So, that has... It derailed several of his projects that... that, well, that we... that we're financing right now.

(...)

Q. OK. The Business Register says that you were vice president from 2019 to 2022. When did the fraud happen? Was it before or after you left?

A. I'll have to check, I don't have that information. (...)

Q. So, I want to know what the... what the... what the MVMT process is when a loan is linked to you, either as a guarantor or because one of your companies is the borrower. What is the decision-making process? Do you take legal action yourself? Is there a third party...

A. It's the same... It's the same process... It's the same decision-making process that I use for other borrowers. I won't send a notice to, say, scrap the sale or scrap the sale price of the asset. As with other clients, it's the same thing, depending on what happens.

5.87. The Interim Administrator also identified loan 141-MVMT, made in the name of the same borrower as loan 069-MVMT, and for which Ms. Fortin is a personal guarantor.

5.88. Ms. Fortin acknowledged during questioning that the outstanding amounts for both loans (069 and 141 MVMT) are due.

5.89. The Interim Administrator intends to monitor the situation more closely.

b. Loans confirmed as related to Ms. Fortin following the issuance of the Second Report

5.90. Following the issuance of the Second Report, the Interim Administrator identified additional loans related to Ms. Fortin.

Loan 015-MVMT (principal amount due on May 31, 2025 – \$780,000)

5.91. During the review of the documents provided by Ms. Fortin and the documents available on the servers of the MVMT Entities, the Interim Administrator identified a document showing that Hugo Lizotte acted as a nominee in connection with loan 015-MVMT, for 9404-9764 Québec Inc., i.e., the Strawberry Properties.

5.92. During questioning, Ms. Fortin acknowledged that she had signed the nominee agreement:

Q. So, an agreement between 9404-9764 Québec Inc. and Les Propriétés Strawberry. Do you remember that, Ms. Fortin?

A. OK.

Q. And Hugo Lizotte, in connection with loan number 15, the security on the lot for the building at 3528-3530 Ontario Street East.

A. OK.

Q. "This being stated, the parties agree that the deed referred to in paragraph 1 was executed in apparent compliance only, Hugo Lizotte never having had the intention of acquiring the said building; that 9404-9764 Québec Inc. is the sole and only owner of the building, notwithstanding the fact that the name 9404 does not appear; that 9404 assumes all expenses, taxes, and other costs related to the property, including mortgage repayments to private lenders MVMT Capital."

Do you remember this?

A. Well, at least you did the research for me. I don't need to come back to you with a commitment.

Q. Do you find that funny, Ms. Fortin?

A. No, I don't think it's...

Q. This is a case of using a straw man...

A. I'm not laughing right now.

Q. It's a case of using a nominee, as you know. You're the one who signed that document.

Q. Do you recognize your signature, Ms. Fortin?

A. Yes.

5.93. The Administrator also questioned Ms. Fortin about the fact that this loan was in default at the time of the hearings and had not been disclosed to the Authority and investors as a related loan:

Q. Perfect. Is that loan also in default?

A. I didn't... I didn't follow up on the loan. But we're going to the notary soon. We have a promise to purchase.

Q. You should follow up on the loan, it's a Strawberry loan. How come you're telling me you're not following up on it, you're the one paying it?

A. I understand. But we're going to the notary. I mean, I understand what you're saying, but [...]

Q. OK. It hasn't been disclosed to the AMF, it hasn't been disclosed to investors. Do you agree with me?

A. I agree with you.

5.94. At the time of the interviews, Ms. Fortin mentioned that she was in possession of a purchase offer whose conditions had been met.

5.95. The provisional administrator requested, as a commitment, to obtain a copy of this offer. Ms. Fortin never provided this commitment.

5.96. As of the date hereof, loan 015-MVMT is still in default and remains unpaid.

5.97. The Interim Administrator intends to monitor the situation closely.

v. Analysis of SCMC's loan portfolio in connection with Ms. Fortin's questioning

5.98. In preparation for Ms. Fortin's interrogatories, the Interim Administrator reviewed each of SCMC's Active Loans.

5.99. Furthermore, despite commitments and subpoenas to obtain a complete copy of the loan files involving SCMC as lender, Ms. Fortin continues to omit or neglect to provide the complete loan files.

5.100. During her examination, Ms. Fortin admitted to transferring loan balances to new loans. When a release was signed as part of a transaction and the proceeds from the sale of the property were not sufficient to pay off the entire balance owed, Ms. Fortin closed the existing loan and transferred the outstanding balance to a new loan that could be secured by new collateral.

5.101. This practice likely had the effect of reducing the allowance for losses, since the new loan does not appear in the loans in arrears or in default.

5.102. This practice also has the effect of misleadingly embellishing the state of SCMC's loan portfolio.

Loans 091, 119 and 168 - MVMT - Les Investissements Freedom Luxe inc.

5.103. Loans 091, 119 and 168 were granted to the same borrower, Les investissements Freedom Luxe inc., whose president and one of the shareholders is Mr. Mario Ferrace. These loans have been past due for 1,054 days, 1,024 days and 316 days, respectively, and have been in default for 1,177 days, 1,054 days and 651 days, respectively. These loans total \$1,153 thousand.

5.104. Loans 119 and 168 are for the same property, and the principal amount owed to SCMC on these loans is \$553,000. The total amount authorized for these loans by the lenders is \$800,000. To date, the principal balance owed to the lenders is \$893,000, which is \$93,000 more than the authorized amount. We asked Ms. Fortin why the principal balance owed was higher than the amount authorized by the lenders, and her response was as follows:

A. I would have to look into that. I will have to get back to you with that information. Put it in the commitment."

5.105. To date, the Interim Administrator has not received a response to this commitment.

5.106. The Interim Administrator also questioned Ms. Fortin about the presence of a \$900,000 TD Bank mortgage published in 2020 on the same property pledged as collateral to SCMC:

Q. A year and a half later, a little more, TD Bank registered a \$900,000 mortgage?

A. That never... that never happened. It's not... It needs to be deleted."

Q. OK, but it's not cancelled as of January 22, 2025, is it?

A. No.

Q. On what basis does she have that information?

Q. Then how do you know it's supposed to be written off?

A. Because I talk to my client.

Q. OK.

A. The mortgage was never taken out.

Q. But do you have confirmation from TD that it will release or cancel the mortgage?

A. Well, they never disbursed the funds.

Q. But how do you know that? Did you get confirmation, or did you just... or is it just based on information from your borrower who didn't receive the funds?

A. On... You know, I have the...

Q. But the thing is, Ms. Fortin, MVMT obtained security afterwards. MVMT's role is to ensure that it has the best possible ranking. We look at the property index, and there is a TD mortgage. It seems to me that when you publish the MVMT mortgage, you make sure there is no priority before you, especially if you have information that it appears there has been no disbursement from TD. So, when your notary published the MVMT mortgage, did she make sure to obtain a cancellation or release from TD?

A. "I'll get back to you because I think the addresses are mixed up in the files. I'll get back to you with the information. Put it on hold, please.

- 5.107. To date, the Provisional Administrator has not received a response to this commitment.
- 5.108. Therefore, for these two loans, according to the land registry, SCMC holds a third-rank mortgage contrary to the second-rank mortgage indicated in the loan register.
- 5.109. With regard to loan 091, the principal amount outstanding on this loan is \$600,000 and is secured by a second-ranking mortgage in the amount of \$700,000. The amount of the first-ranking mortgage is \$1.4 million.
- 5.110. On April 16, 2024, the property was sold following a default on property taxes for \$1.7 million.
- 5.111. As previously indicated, this loan has been in default for more than 1,054 days. Since the property has been sold, we asked Ms. Fortin if any amount had been received in reduction of the loan granted to the borrower.
 - A.** \$1,400,000 plus interest. But I would have to get the account statement for you. I could give you the account statement, but there was no money left to pay the rest.
- 5.112. A commitment was made to provide a copy of the statement of account from the notary who handled the sale of the property. To date, we have not received a response to this commitment.

5.113. Since the property has been sold and SCMC's loan is still outstanding, we asked Ms. Fortin if any action had been taken against the guarantor.

A. I will not take any action if the client will eventually pay what he owes and we are working on a strategy for the repayment of everything, including his entire portfolio.

Q. So, during 925 days of default, nothing happened in terms of recourse by MVMT?

A. No, I will not take any action against this client, just as I will not take any action against my other clients, some of my clients. It will only hurt them. It will hurt the entire portfolio strategy. It serves no purpose.

5.114. The Interim Administrator intends to take the necessary steps to closely monitor this situation.

Loans 092, 093, 105, 112, 121, 129, 142, 151, 151B, 181 and 206 – MVMT – Companies related to Mr. Jonathan Pigeon

5.115. Loans 092, 093, 105, 112, 121, 129, 142, 151, 151B, 181 and 206 are all related to the same borrower through various companies. These loans total \$7.8 million in principal outstanding, representing slightly more than 26% of the principal balance of the Loans. All loans have matured except one, on average approximately 703 days ago, and have been in default for an average of 507 days.

5.116. With respect to loan 092, according to the land registry, National Bank has a first mortgage in the amount of \$377,000. Groupe Élisabeth Fortin ("**GEF**"), SCMC and other lenders have a second mortgage in the amount of \$575,000, GEF and Michel Trudeau have a third mortgage in the amount of \$3^e in the second rank in the amount of \$230,000, and finally GEF and Investissements Michel Perron have a mortgage in the 4^e rank in the amount of \$385,000.

5.117. On June 19, 2024, a legal construction mortgage in the amount of \$11,000 was registered, and on August 5, 2024, a notice of sale under judicial control was published by GEF and Investissements Michel Perron Inc.

5.118. During his examination on February 5, 2025, when the Interim Administrator informed Ms. Fortin that the National Bank of Canada mortgage was still registered in the registry, Ms. Fortin responded as follows:

A. Yes, but it doesn't belong to the same person, though.

Q. No, no, but the mortgage is still there?

A. Yes, but that doesn't mean that... I always have my mortgages discharged or... I'll clarify before they... The... The... Actually, I deal with a notary who has a lot of trouble doing discharges and receipts. I was doing business, we'll go with that. That's a problem with a lot of files. In fact, I would never do any files if the mortgages prior to mine, if I'm first in line, aren't discharged. But if you check the notarial deed, I'm sure it says that it has to be discharged immediately.

Q. Hmm, hmm. Yes, that's what it says.

A. If it's not, we just... Well, okay, we still have the balances checked, unless the notary didn't do his job... I have people chasing me, I should have done this two years ago... I should have given them a receipt, but the notary didn't do it, so, I mean, it's a bad habit of... notaries.

5.119. The provisional administrator asked Ms. Fortin to commit to sending him a statement of receipts and disbursements and to check with the notary to see if she had obtained confirmation that the National Bank would release its security upon receipt of the funds.

5.120. To date, no response to this commitment has been provided by Ms. Fortin.

5.121. The Provisional Administrator intends to take the necessary measures to closely monitor this situation.

5.122. With regard to loans 105, 121, and 129, these have been past due for more than 800 days on average and in arrears for more than 600 days, and the principal amount owed is \$2,025,000.

5.123. On June 17, 2024, a notice of sale under judicial control was filed by GEF and SCMC. The 60-day notice expired nearly 300 days ago.

5.124. We asked Ms. Fortin during her questioning why no mortgage recourse had yet been taken.

Q. Still in the land registry, there is a notice of exercise that was filed by GEF and... well, actually, for the mortgage, there, for MVMT. Do we have... Why was it published, and why has nothing been done, because our 60-day period also expired 158 days ago?

A. I need to check that.

Q. OK. Is an appeal against the bail being lodged?

A. I need to confirm that.

5.125. Ms. Fortin has agreed to indicate, for each of the loans Mr. Pigeon, whether legal proceedings have been initiated and, if so, provide a copy, or explain why such proceedings have not been initiated.

5.126. To date, Ms. Fortin has not yet responded to this undertaking.

5.127. Loan 130, with principal and interest due in the amount of \$1,125,000, was sold under court supervision in November 2024.

5.128. The amount received by SCMC following the sale of the property was \$79,000. A loss of \$1,046,000 was provided for in the financial statements for the year ended December 31, 2024.

5.129. According to the information contained in TMO, the amount of the loss was transferred to a new loan numbered 151B and was to be secured by a mortgage on lots 4,715,454 and 4,715,509 of the Quebec Land Registry.

5.130. However, the land registry, as of June 27, 2025, indicates that no mortgage relating to the new loan has yet been published.

- 5.131. In addition, on September 4, 2024, a legal construction mortgage in the amount of \$107,000 was published. According to the land registry, on January 17, 2025, this creditor filed and published a claim initiating proceedings.
- 5.132. Loan 093, with a principal amount of \$1,385, is more than 1,100 days past due and more than 600 days in arrears. The mortgage granted to secure this loan was published in July 2021. It encumbered eight lots. However, it appears that SCMC has granted a release in respect of seven lots.
- 5.133. We asked Ms. Fortin whether any consideration had been received in connection with the cancellation of the mortgage on seven of the eight lots.
- Q.** How do you explain such a significant cancellation of lots without compensation?
- A.** Put it in the commitment, I'll try... It's too complicated, put it in the commitment, and I'll get back to you.
- 5.134. Although Ms. Fortin agreed to this undertaking, as of today, she has still not provided a response to the Interim Administrator.
- 5.135. The Interim Administrator intends to take the necessary steps to closely monitor this situation.
- 5.136. Loans 112 and 151, with a principal amount of \$1,940,000, are more than 700 days past due on average and have been in default for nearly 500 days.
- 5.137. Between January and July 2022, GEF and SCMC published two first and second mortgages on two lots for a total amount of \$2,650,000. In February 2023, GEF and Gestion Cojoly published a mortgage in the amount of \$700,000 on the same lots. On the same day, GEF and SCMC made a subordination agreement in favor of GEF and Gestion Cojoly, with the effect that GEF and Gestion Cojoly are now first-ranking creditors.
- 5.138. Since the subordination agreement was highly questionable at first glance, the Interim Administrator questioned Ms. Fortin on this matter:
- Q.** How do you explain that? What justifies...
- A.** I need to look into it... I need to look at the file. I'm sorry. Ask for it in writing. I need to... I need to look at the file. There is a... There is a... There is a reason. I need to look at the file carefully.
- 5.139. A commitment was requested from Ms. Fortin to obtain an explanation regarding this subordination, which is detrimental to the rights and interests of SCMC and therefore to investors, but to date, Ms. Fortin has not responded to this commitment.
- 5.140. In addition, on April 16, 2024, and September 9, 2024, legal construction mortgages were published for a total amount of \$226,000. According to the land registry, on January 17, 2025, the mortgagee filed and published an introductory application.

5.141. During his questioning, the provisional administrator asked Ms. Fortin about this:

Q. On April 16, 2024, a legal construction mortgage was published in the amount of \$119,000. Is that correct?

A. Yes, and it has been paid, the legal mortgage.

Q. It was paid?

A. Englobe. That's Englobe, yes.

Q. It has not been discharged, in any case.

A. No.

Q. "Huh?"

A. It's... It's... I can't... I can't answer that. If they haven't removed her, then they haven't removed her.

Q. On September 9, another legal mortgage in the amount of \$107,000 was published. Do you agree?

A. I can see it right here.

Q. OK. Then on January 17, a lawsuit was filed by that creditor. Were you aware of that?

A. Yes.

Q. OK. What was done?

A. I'll get back to you on that.

Q. OK. Thank you.

A. I'll get back to you, sorry.

Q. No, no problem.

5.142. The provisional administrator requested that Ms. Fortin provide proof of payment and a commitment to cancel Englobe's legal hypothec and verify the steps taken in connection with the publication of a notice of sale under judicial supervision by the creditor 9430-5448 Québec Inc.

5.143. To date, the Interim Administrator has not received any response from Ms. Fortin on this matter.

5.144. Loan 142, with a principal amount of \$630,000, is past due and in default for more than 625 days. A first mortgage in the amount of \$1.2 million was published in August 2021 on eight lots by GEF and SCMC for the acquisition of the property at a cost of \$3.2 million.

5.145. However, in September 2022, GEF and SCMC cancelled the first^{mortgage} and replaced it with a second mortgage in the amount of \$1,127,000, now covering two lots, in order to allow Laurentian Bank to publish a first mortgage in the amount of \$2.3 million.

5.146. During her questioning, the provisional administrator asked Ms. Fortin what explained the assignment of priority and the cancellation of the mortgage on six of the eight lots covered by the initial \$1.2 million mortgage:

Q. The mortgage is now secured by only two lots. So not only have we lost our priority, but we've lost six lots in the process. How do you explain that?

A. We will have to... Put it in writing, and I will respond.

- 5.147. Once again, the undertaking signed by Ms. Fortin has still not been answered as of today, which prevents the Interim Administrator from ruling on Ms. Fortin's management, which, a priori, is of concern in the absence of any explanation or justification for the transfers of rank.
- 5.148. Loan 181, with a principal amount of \$375,000, is 156 days past due and 368 days delinquent.
- 5.149. On May 13, 2022, GEF and SCMC published a mortgage in the amount of \$300,000. The property is currently owned by Habitat 237 Grande-île s.e.n.c., a company of which Mr. Jonathan Pigeon is a shareholder.
- 5.150. On November 11, 2023, GEF and SCMC issued a notice of exercise for a payment. On February 14, 2024, GEF and SCMC published a mortgage in the amount of \$975,000, and on February 15, 2024, the property was sold to 9496-8807 Québec Inc., a company of which Mr. Jonathan Pigeon is a shareholder, for a price of \$925,000.
- 5.151. Considering this unusual situation, the Interim Administrator asked Ms. Fortin for explanations regarding these transactions, which, at first glance, do not appear to be in the best interests of SCMC and, consequently, the investors.

Q. Can you explain?

A. I will have to get back to you, but there is a strategy.

- 5.152. **Although** Ms. Fortin has agreed to explain the "strategy" and to understand why a new loan of \$975,000 was granted when there was a notice of exercise for payment published in connection with the previous defaulted loan of \$300,000. To date, Ms. Fortin has not yet responded to this commitment.
- 5.153. Loan 206, with a principal amount of \$245,000, is more than 100 days past due and more than 160 days delinquent. This loan is secured by a second-ranking^{security} interest in lots 4,514,236 and 4,517,336 of the Quebec Land Registry.
- 5.154. On November 8, 2024, Ms. Fortin sent the Interim Administrator a request for partial release for lot 4,517,336. The request provided for partial repayment of the loan in the amount of approximately \$175,000 in exchange for the publication of a release on the lot.
- 5.155. The Interim Administrator evaluated the request. However, following a review of the available documentation, it was determined that the value of the published mortgages exceeds the market value of the collateral. Consequently, the Interim Administrator advised Ms. Fortin that he could not agree to release Lot 4,517,336 under the current conditions.
- 5.156. The Interim Administrator requested Ms. Fortin to obtain additional collateral to compensate for the shortfall. On November 15, 2024, Ms. Fortin informed the Interim Administrator that she would not be able to respond to the Interim Administrator as she was awaiting information from the borrower.

- 5.157. However, the land registry indicates that on November 11, 2024, the borrower sold the land for \$1,050,000, of which the first-ranking creditor, Royal Bank of Canada, appears to have been repaid in full since the mortgage it held was discharged. On November 14, 2024, SCMC received a payment from the borrower in the amount of \$141,000, consisting of \$130,000 in principal repayment and \$11,000 in interest.
- 5.158. According to the land registry as of June 6, 2025, the mortgage held by SCMC has not been discharged; however, the mortgage deed dated November 4, 2024, from the purchaser of the property indicates that SCMC's mortgage should be repaid and discharged shortly.
- 5.159. The Interim Administrator intends to take the necessary steps to follow up on this matter.

Loans 029, 029G and 062 - MVMT - Companies related to Mr. Francis Avakian

- 5.160. These loans total \$220,000 in principal. Loans 029 and 062 are more than 1,000 days past due and more than 950 days delinquent. Loan 029G is 358 days past due and nearly 700 days delinquent.
- 5.161. The Interim Administrator asked Ms. Fortin to obtain acknowledgments of debt for these loans. On May 8, the Interim Administrator received from Ms. Fortin copies of the acknowledgments of debt signed by the borrower.

Loans 064, 065, 115, 125, 138, 143, 155, 179—MVMT—Construction Propulsion Inc.

- 5.162. Loans 064, 065, 115, 125, 138, 143, 155 and 179 were granted to Construction Propulsion Inc. These loans total \$2.1 million in principal, representing slightly more than 7% of the portfolio.
- 5.163. All loans have matured except one, which has been outstanding for an average of approximately 606 days and in default for an average of 557 days.
- 5.164. Loans 064 and 065 are past due for more than 1,100 days and in default for more than 500 days. The total principal amount outstanding on these loans is \$359,000.
- 5.165. Both loans were granted to Construction Propulsion Inc. for the acquisition of two adjacent lots at a purchase price of \$213,500 and \$221,000, respectively, for a total of \$434,500.
- 5.166. The debt ratio for the two loans based on the principal amount outstanding is therefore 83%, before taking into account accrued interest of \$67,000. It is important to note that, according to the commitments received from Ms. Fortin, the principal amount owed by Construction Propulsion Inc. to SCMC's co-lenders for the two loans would be \$150,000. Taking into account the amounts owed to the co-lenders, the debt ratio is 111%.
- 5.167. According to the commitments received from Ms. Fortin, the borrower's objective was to build multi-unit dwellings on the land purchased. Certain changes to urban planning regulations would prevent Construction Propulsion Inc. from carrying out the projects associated with the purchase of the land.

- 5.168. The Interim Administrator deemed it appropriate to question Ms. Fortin about the two loans given the high debt ratio, the noted deficiencies, and the apparent lack of an action plan to collect the amounts owed:

Q. Loan 64, 241-243 Churchill Boulevard. We're still with Construction Propulsion.

A. Correct.

Q. I imagine that one is the same thing. There wasn't any... there wasn't any... it hadn't gotten its permit yet, according to the latest comments. Is that still the case?

R. OK. That's... Actually, I have three plots of land there, I have three plots on Churchill, and in principle, he should have done... Listen, I don't know what kind of multi-unit housing he can do, but the Town of Greenfield Park has... it has decided to change its mind, so he's working on the project now, but I need to... I need to follow up with him to find out what's going on with those properties. I'm leaving him alone for now, he's working hard on Sainte-Foy to manage that. So, the question I'm asking you isn't necessarily about 65, but in general, why do you accept that there are creditors... lenders with a lower ranking than MVMT or GEF?

- 5.169. The defects associated with these loans and Ms. Fortin's lack of a clear plan to recover the amounts owed represent a risk of non-recovery in the opinion of the Interim Administrator.
- 5.170. The Interim Administrator intends to take the necessary steps to monitor this matter and take the necessary measures to recover these loans, if applicable.
- 5.171. Loan 115 is more than 500 days past due and more than 650 days in arrears. The total principal amount owed on the loan is \$307,000.
- 5.172. According to the land registry, the purchase price paid by Construction Propulsion Inc. for the lot secured by loan 115-MVMT was \$650,000. It is important to note that, according to the commitments received from Ms. Fortin, the principal owed by Construction Propulsion Inc. to SCMC's co-lenders for the loan is \$350,000. Considering the amounts owed to the co-lenders, the debt ratio is 101%, before taking into account the accrued interest owed to SCMC as of May 31, 2025, which is \$58,000.
- 5.173. Once again, this loan was granted to Construction Propulsion Inc. for the construction of a multi-unit residential building. According to Ms. Fortin's commitments, the borrower would still have had problems obtaining a building permit from the city where the lots granted as collateral are located.
- 5.174. The provisional administrator deemed it appropriate to question Ms. Fortin about the loan in question, given the deficiencies, the high debt ratio, and the lack of an apparent plan to collect the amounts owed:

Q. Let's continue. Loan 115, 23 West Street, Venise-en-Québec, I just have one question about that. I understand that the loan is past due, but what I understand from your comments is that the client has not yet obtained his permit. In any case, at the time you wrote your comments, he did not have the permit. Has there been any development in this regard?

A. Actually, he's still in dispute with the city because the city decided to... decided to take a hard line. Now the city is open to discussion, so they're going to resubmit what the city wants in a certain way. But now I need to... I need to follow up with all the files with the client to get an exact account of where we are in the process. But I know there was some openness, and then it was... it was... it was starting to look positive.

- 5.175. Since the interviews, Ms. Fortin has not provided us with any status updates regarding the progress of obtaining the necessary permits for the borrower's construction projects.
- 5.176. The Interim Administrator considers that the loans granted by SCMC to Construction Propulsion Inc. for construction projects do not appear to have been subject to rigorous analysis when they were granted.
- 5.177. These loans were granted for projects that required a permit, even before the city had granted the permit or provided any opinion on the project.
- 5.178. Loan 138 is more than 600 days past due and has been in default for more than 500 days. The total principal amount outstanding on the loan is \$378,000.
- 5.179. According to the land registry, SCMC has taken security on two lots for the loan. For both lots, SCMC is ^{second} in line behind another lender who has registered a mortgage of \$750,000.
- 5.180. The total purchase price paid by Construction Propulsion Inc. for the lots pledged as security for loan 138-MVMT is \$1.35 million. It is important to note that according to the commitments received from Ms. Fortin, the principal owed by Construction Propulsion Inc. to SCMC's co-lenders for the loan is \$497,000.
- 5.181. Considering the amount of the senior mortgage to SCMC and the total principal owed to SCMC and its co-lenders (\$875,000), the debt ratio is 120%, before taking into account the accrued interest owed to SCMC as of May 31, 2025, which is \$72,000.
- 5.182. Once again, this loan was granted to Construction Propulsion Inc. for the construction of a multi-unit residential building. According to Ms. Fortin's commitments, the borrower has still not obtained the necessary permits for the construction, despite the fact that the two lots were purchased in 2022.
- 5.183. Ms. Fortin provided, by commitment, an offer to purchase the two lots secured by loan 138-MVMT. This offer to purchase is unsigned and undated. The offer to purchase also states that if the buyer is unable to carry out the construction project agreed upon by the parties, "the seller agrees to return the sums and take back the land."

- 5.184. The provisional administrator deemed it appropriate to question Ms. Fortin about the loan in question, given the defects, the high debt ratio, and the apparent lack of a plan to collect the amounts owed:

Q. No, I understand, it's just that in this case, and I'm referring to the discussion we had yesterday during the examination, which was: I understand that the value of land increases, land to be developed, increases when the permit is granted. In this case, I don't have a permit. The permit has not yet been granted, according to the notes we have, unless you are telling me that the loan... the permit has been granted since then, but as far as we understand, there is no permit.

A. No, what... I agree with you, there is no permit yet, except that the other point to make is that this does not mean that... If a client buys a plot of land for \$300,000, that doesn't mean that the land is worth \$300,000, regardless of whether there is a permit or not. What I mean is that there may have been a deal because sometimes there are... there are... I think there was a convenience store on that site. From memory, there was a convenience store on that site, the person was returning to their country, made a quick sale, so maybe the real... Maybe the land value, I didn't look at that, because that's a detail we could discuss, but maybe the land value is 650,000 and the client paid 300,000 for the land. So there... So there..."

- 5.185. The provisional administrator obtained the land title for the lots, which have a total land value of \$921,000. Contrary to what Ms. Fortin stated during her questioning, the price paid by the buyer for the two lots is therefore higher than the established land value.

- 5.186. The provisional administrator also questioned Ms. Fortin about the aforementioned purchase offer:

Q. Because in 138, on that loan, what I understand is that we have a purchase offer that is not dated and is not signed, from what I understand, in the amount of [redacted]. The terms are [redacted] cash, [redacted] bank financing, and then there is a balance of the sale price of [redacted]. (...) Was a purchase offer ultimately signed, Ms. Fortin? Because as I understand it, we only have a draft.

A. They're in... It's funny, they're still negotiating over various little trifles. It takes a long time sometimes, and you can't squeeze more out of them than you have to. The important thing is that we get paid back every last penny, just like other loans that this customer paid us back before the holidays, every last penny, because his... his files have been dragging on, yes, he's not paying his interest anymore, but we always get paid back, we always get paid back every last penny. If there are shortfalls, there are strategies for... for the last few cents that he's going to owe.

- 5.187. Since the hearings, Ms. Fortin has not provided the Interim Administrator with any status updates regarding developments related to obtaining the necessary permits for the borrower's construction projects and has not provided us with any signed purchase agreements.

- 5.188. Once again, Construction Propulsion Inc. obtained a loan from SCMC for a construction project for which the city has not granted any permits. Ms. Fortin has provided no concrete evidence that SCMC is making any effort to collect the loans in question, despite the fact that the loans were granted several years ago, the building permits have still not been obtained, and the loans are past due and have been in default for several months or even years.
- 5.189. The Interim Administrator intends to take the necessary steps to monitor this matter and take the necessary measures to recover this loan, if applicable.
- 5.190. Loans 143-MVMT and 155-MVMT are more than 500 and 300 days past due and more than 600 and 500 days in arrears. The total principal amount outstanding on these loans is \$815,000. Both loans are secured by the same lots.
- 5.191. Since Ms. Fortin's questioning, SCMC has been able to collect \$300,000 in principal repayments on loans 143 and 155. The above-mentioned balance of \$815,000 reflects this payment.
- 5.192. In order to collect the above amount, the Interim Administrator had no choice but to grant a full release on one of the two lots taken as security for the two loans. The potential value of the other lot, for which SCMC still has security, will not be sufficient to repay the principal balance and interest on the two loans in full.
- 5.193. Ms. Fortin is currently working with the borrower to obtain additional security for the outstanding amount of \$815,000 associated with loans 143 and 155 MVMT.
- 5.194. The Interim Administrator intends to take the necessary steps to monitor this matter and take the necessary measures to recover these loans, if necessary.
- 5.195. Loan 179 is more than 150 days past due and more than 490 days delinquent. The total principal amount outstanding on the loan is \$261,000.
- 5.196. This loan was created following the sale of one of Construction Propulsion Inc.'s other properties that was financed by loan 144-MVMT. The sale price of the property was insufficient to repay the principal and interest owed on the loan granted by SCMC.
- 5.197. According to the land registry, the purchase price paid by Construction Propulsion Inc. for the lots secured by loan 179-MVMT was \$639,000. It is important to note that, according to the commitments received from Ms. Fortin, the principal owed by Construction Propulsion Inc. to SCMC's co-lenders for the loan is \$738,000.
- 5.198. Considering the amounts owed to the co-lenders, the debt ratio is 156%, before taking into account the accrued interest owed to SCMC as of May 31, 2025, which is \$45,000.
- 5.199. According to information received from Ms. Fortin prior to her interview:
- i. SCMC had secured the loan with three lots of vacant land on which two houses were to be built.

- ii. Construction Propulsion Inc. had obtained the necessary permits to carry out the construction projects.
- iii. Construction Propulsion Inc. is still working to obtain the necessary financing for the construction projects.
- iv. Ms. Fortin mentions in the commitments provided that the construction and sale of the two houses will allow for the repayment of part of the loan, but not all of it.
- v. Ms. Fortin has not provided us with any further information about this loan since the interrogatories.
- vi. The provisional administrator intends to take the necessary steps to follow up on this matter and take the necessary measures to recover this loan, if applicable.

Other borrowers

Loan 167 - MVMT

- 5.200. This loan, with a principal amount of \$475,000, is more than 560 days past due and more than 710 days delinquent. The principal balance owed to Groupe Élisabeth Fortin is \$578,000, for a total of \$1,053,000, while the authorized loan amount was \$1 million.
- 5.201. During questioning, the provisional administrator asked why the amounts advanced to the borrower exceeded the authorized loan amount.

Q. This won't take long. Do you know why we have... the balance, the balance owed to MVMT by the lender exceeds the amount of the loan?

A. It's in the commitment, I'll answer that.

- 5.202. To date, the Interim Administrator has not received a response regarding this commitment.
- 5.203. The building pledged as collateral to SCMC has been up for sale since fall 2024. The asking price is \$1,149,000. Assuming that the property is sold at the asking price, that there will be costs associated with the sale, and that interest is more than 710 days past due, it is unlikely that SCMC will be able to recover 100% of the amounts owed to it.

Loan 177- MVMT

- 5.204. This loan, with a principal amount of \$110,000, is more than 170 days past due and more than 107 days delinquent. The principal balance owed to Gestion GEF-SF and Philuc Inc. is \$628,000, for a total of \$738,000. This loan is secured by two lots, 1 201 352 and 1 584 910, in the Quebec Land Registry.
- 5.205. On lot 1,201,352, a notice of sale under judicial control was published by the co-ownership syndicate, while on lot 1,584,910, two notices of exercise for sale under judicial control were published, one pursuant to a legal construction mortgage in the amount of \$9,000 and the other by Equitable Bank, whose senior mortgage amounts to \$963,000.

- 5.206. According to the 2025 land value assessment, the land value of lot 1,201,352 is \$925,000 and \$995,000 for lot 1,584,910. Since the Interim Administrator does not know the amounts owed to the condominium syndicate and Equitable Bank, it is not possible to determine whether there is a risk of loss on this loan, but the Interim Administrator intends to monitor the situation closely.

a) Acknowledgments of debt

- 5.207. As a precautionary measure, the Interim Administrator has asked Ms. Fortin to obtain acknowledgments of debt from all borrowers whose loans are more than 180 days past due.
- 5.208. As at May 31, 2025, 37 loans with a total outstanding principal balance of \$19 million were more than 180 days past due.
- 5.209. To date, the Interim Administrator has received acknowledgments of debt for 10 loans totaling \$3.1 million in outstanding principal.
- 5.210. It should be noted that one of the acknowledgments of debt we have received relates to loans connected with Ms. Fortin. This acknowledgment of debt was not signed by Ms. Fortin, but provides that the borrowers and guarantors must obtain her release as personal guarantor for loans totaling nearly \$1.2 million in principal.
- 5.211. The Interim Administrator did not sign the document and informed Ms. Fortin's lawyer that the Interim Administrator does not intend to release Ms. Fortin from her personal guarantee.

D. Financial Update of the MVMT Entities

5.212. The following table shows the status of revenues and disbursements of the MVMT Entities for the period between September 13, 2024, and May 31, 2025:

MVMT Entities	For the period beginning September 13, 2024, through May 31, 2025			
	SCMC	SCMC 1	MVMT GP	TOTAL
Cash receipts				
Loan repayments (principal and interest)	4,846,012	-	-	4,846,012
Other	23,575	-	110	23,685
Total receipts	4,869,587	-	110	4,869,697
Disbursements				
Disbursements related to loans issued by MVMT	330,000	-	-	330,000
Subcontractors	30,177	-	-	30,177
Professional fees	222,006	-	-	222,006
Professional fees - Provisional administration	407,198	-	-	407,198
Bank charges	113	203	1,239	1,555
Transfer between accounts	1,000	(350)	(650)	-
Investment in a GIC	3,000,000	-	-	3,000,000
Other	285	-	-	285
Total disbursements	3,990,779	(147)	589	3,991,221
Change in cash	878,808	147	(479)	878,476
Cash at beginning	327,484	77	911	328,472
Cash at end (excluding CPG)	1,206,292	224	432	1,206,948

5.213. Cash receipts related to principal and interest repayments represent amounts received as final repayment of loans following signed receipts and monthly interest payments made by borrowers.

5.214. Other cash receipts represent interest income generated on an investment made by SCMC, at the initiative of the Interim Administrator, in a guaranteed investment certificate ("GIC") issued by the Bank of Montreal.

5.215. The Interim Administrator deemed it appropriate to invest a portion of SCMC's cash in this GIC with the objective of generating a certain return for the benefit of the investors of the MVMT Entities. The capital invested is insured and cannot adversely affect the capital invested by the investors of the MVMT Entities.

5.216. Disbursements related to loans issued by SCMC represent progressive disbursements made for a loan granted prior to the commencement of the provisional administration. These disbursements were made in accordance with the mortgage deed signed between the borrower and SCMC and were intended to protect the loan collateral and ensure its continuity.

5.217. Professional fees, other than the fees of the Interim Administrator, primarily relate to expenses associated with the auditors in connection with the financial statements for the years ended December 31, 2023 and 2024.

E. Financial statements

- 5.218. The Interim Administrator has appointed PSB to audit the financial statements of the MVMT Entities for the fiscal year ending December 31, 2024, which were signed on April 30, 2025 by the Interim Administrator in light of Ms. Fortin's refusal to sign them.
- 5.219. In addition, the financial statements were published on SEDAR in accordance with applicable regulations.
- 5.220. The expected credit loss is defined in the notes to the financial statements of the MVMT Entities as at December 31, 2024:
- i. This corresponds to the estimated financial loss on the MVMT Entities' loan portfolio based on information available as of the date of the financial statements.
 - ii. SCMC's assets corresponding to loans issued by the fund are therefore presented net of this loss.
 - iii. The loss reduces the value of the fund's net assets, also referred to as the "Net Asset Value" or "NAV."
 - iv. As part of the audit, the Interim Administrator engaged an external consultant to analyze the expected credit loss.
 - v. The Interim Administrator also conducted a detailed analysis of SCMC's loans to determine whether any of them should be subject to additional provisions. As a result of this analysis, the Interim Administrator increased the credit loss provision by slightly more than \$5.1 million.

F. Q3 statements (Canada Revenue Agency) and Statement 16 (Revenu Québec)

- 5.221. The Interim Administrator also granted PSB the mandate to prepare and issue T3 slips (Trust Income Statements – Distributions and Allocations) and Schedule 16 (Trust Income) for the fiscal year ending December 31, 2024. On March 28, 2025, PSB filed the aforementioned statements, which were mailed to the various investors of the MVMT Entities on March 31, 2025.

G. Update on the value of Olympia Trust

- 5.222. As previously indicated, on April 21, 2025, the Interim Administrator sent a fifth notice to investors informing them, among other things, of the update to the value of the MVMT Entities.
- 5.223. In order to remove the "value under review" notation from investor account statements, the Interim Administrator believes that the figure that most accurately represents the value of the MVMT Entities as of the date of this notice and under current circumstances is the NAV of the audited financial statements as of December 31, 2023, divided by the number of units held by investors. This value as of December 31, 2023 was \$8.72 per unit.

- 5.224. The Interim Administrator has made a second update to the unit value of the MVMT Entities' units following the issuance of the financial statements dated December 31, 2024.
- 5.225. According to the financial statements as of December 31, 2024, the unit NAV of each unit held by investors in the MVMT Entities was \$6.79 as of that date. The unit value of each unit has been updated accordingly.

b) Next steps in relation to the MVMT Entities

- 5.226. The Interim Administrator intends to continue, in collaboration with Ms. Fortin, to collect the Loans.
- 5.227. In addition, the Interim Administrator intends to take certain protective measures in relation to the Loans and to initiate certain collection measures with respect to the defaulted loans that require such action.
- 5.228. In addition, the Interim Administrator has received an unsolicited letter of intent from a third party to acquire the assets of the MVMT Entities (the "**Letter of Intent**").
- 5.229. In order to ensure the integrity of any potential investment solicitation and sale process ("**PSIV**"), the Interim Administrator may not disclose the purchase price offered in the Letter of Intent.
- 5.230. However, following discussions with the Authority and Ms. Fortin's counsel, the parties have agreed to file, with consent, a motion with the Court to amend the powers of the Interim Administrator to grant the latter all necessary powers to implement an ISBP and sell, subject to the Court's approval, the assets of the MVMT Entities (the "**Motion**").
- 5.231. On July 23, 2025, the Honorable Patrick Ouellet issued an order amending the powers of the Interim Administrator to grant the latter all necessary powers to implement a PSIV and sell, subject to court approval, the assets of the MVMT Entities.
- 5.232. To the extent that the Interim Administrator is able to obtain a reasonable price for the assets of the MVMT Entities, which would then be distributed to investors, the Interim Administrator may apply to the Court for an order approving the sale of such assets.
- 5.233. In parallel with the implementation of a PSIV, the Interim Administrator intends to continue to exercise its powers.

6. STEPS TAKEN, FINDINGS AND NEXT STEPS IN RELATION TO SOLSTAR ENTITIES

A. Steps taken since the Second Report

a. Banking management of the Solstar Entities

- 6.1. Since his appointment, the Interim Administrator has managed and monitored the banking operations of the Solstar Entities for all bank accounts disclosed by the Solstar Entities. The Interim Administrator has ensured that deposits made into the various accounts of the Solstar Entities are monitored and that only payments deemed necessary are authorized.

b. Financial update for Solstar Entities

- 6.2. The following table shows the income and expenditure of the Solstar Entities for the period between September 13, 2024, and May 31, 2025:

Solstar Entities	For the period beginning September 13, 2024 and ending May 31, 2025		
	CSI	PSI	TOTAL
Cash receipts			
R&D credit	-	29,797	29,797
Other	-	8,152	8,152
Total receipts	-	37,949	37,949
Payments			
Salaries and social security contributions	-	544	544
Subcontractors	-	7,391	7,391
Insurance	-	3,667	3,667
Office expenses	-	3,870	3,870
Professional fees - Provisional administration	-	73,427	73,427
Bank charges	54	4,990	5,044
Total disbursements	54	93,889	93,943
Change in cash	(54)	(55,940)	(55,994)
Cash at beginning	50	105,094	105,594
Cash at end	446	49,154	49,600

- 6.3. Cash receipts designated as "Other" represent tax refunds (sales taxes, income taxes, etc.) received from the Canada Revenue Agency and Revenu Québec.
- 6.4. Cash disbursements related to salaries and social security contributions correspond to service fees for the issuance of tax slips as at December 31, 2024.
- 6.5. Subcontractor fees correspond to amounts paid to the external accountant of the Solstar Entities for services rendered at the request of the Interim Administrator.
- 6.6. Office expenses correspond to payments necessary to maintain patent application files.

c. Resignation of Tom Rossi and Dennis Baltzis

- 6.7. On June 2, 2025, Dennis Baltzis resigned as a director of the Solstar Entities.
- 6.8. On November 27, 2024, Tom Rossi resigned as President and Chief Executive Officer of the Solstar Entities.
- 6.9. As of the date hereof, all directors and employees of the Solstar Entities have resigned and the operations of the Solstar Entities had essentially ceased prior to the issuance of the Order.

d. Findings regarding the value of the units held in the Solstar Entities and their assets

- 6.10. The Second Report included the following findings regarding the value of the Solstar Entities:
 - i. The affidavit dated October 16, 2024, of Pharma Solstar's president and chief executive officer, Tom Rossi, who resigned on November 27, 2024, stated that the value of the Solstar Entities was "insignificant";
 - ii. The Solstar Entities filed a legal proceeding with the Court seeking authorization to proceed with a voluntary disposition of their assets (bankruptcy), thereby admitting their insolvency;
 - iii. Solstar's cash on hand as of the Second Report was approximately \$52,000.
- 6.11. The Interim Administrator was able to ascertain that Pharma Solstar's assets are limited to:
 - i. Three (3) patent applications that have not been reviewed by an examiner;
 - ii. Three (3) licenses that currently generate no revenue; and
 - iii. One (1) minority interest (49%) in Linear Therapies Inc., which does not generate any income.
- 6.12. In this context, the Interim Administrator believes that the Solstar Entities have no value and are insolvent.
- 6.13. On April 21, 2025, the Interim Administrator sent a fifth notice to investors to inform them, among other things, of the update to the value of the Solstar Entities. Based on the above, the unit value of the Solstar Entities has been updated to reflect a value of \$0.01.

e. Recommendation of the Interim Administrator in relation to the Solstar Entities

- 6.14. Considering the findings of the Interim Administrator, Solstar's Application seeking the Court's authorization to file a voluntary assignment of the assets of the Solstar Entities for the benefit of the creditors, the costs associated with the interim administration, the fact that the Solstar Entities are no longer in operation, and the state of insolvency of the Solstar Entities, the Interim Administrator filed a motion with the Court to file a voluntary assignment and to be appointed trustee in bankruptcy of the Solstar Entities.
- 6.15. On July 23, 2025, the Honorable Patrick Ouellet issued an order modifying the powers of the Interim Administrator to grant the latter the powers to file, on behalf of the Solstar Entities, a notice of intention to make a proposal, a proposal or a transfer of assets under the BIA.

7. STATUS OF PROFESSIONAL FEES AND EXPENSES

- 7.1. As provided in the Order, the Interim Administrator must file a summary of the fees incurred in connection with the mandate entrusted to him.
- 7.2. Below is a summary of the fees incurred by the Interim Administrator, its legal advisors, and its subcontractors for the period beginning August 27, 2024, and ending May 31, 2025.

Firm	from Aug. 27 to Nov. 15, 2024 \$	from Nov. 16, 2024 to May 31, 2025 \$	Total \$	Fees paid to date \$	Fees payable \$
FTI Consulting Canada Inc.	326,905	412,128	739,033	326,905	412,128
Gowling WLG	236,921	138,631	375,552	236,921	138,631
LCM Lawyers	74,725	-	74,725	74,725	-
Computer Investigation HDD Inc.	76,297	1,191	77,488	76,297	1,191
Paquette et Associés Inc.	16,090	-	16,090	16,090	-
Jules Pelletier	3,145	925	4,070	3,145	925
Ethics and Compliance Consulting Inc.	25,600	-	25,600	25,600	-
Raymond Chabot Grant Thornton	81,187	-	81,187	81,187	-
FL services	1,655	-	1,655	1,655	-
	842,525	552,875	1,395,400	842,525	552,875
TPS - TVQ	126,036	82,709	208,745	126,036	82,709
	968,561	635,584	1,604,145	968,561	635,584

- 7.3. The above fees and disbursements cover the work performed by all professionals in connection with taking possession, preserving evidence, conducting investigations, conducting interviews, analyzing documents and information received from companies under provisional administration, monitoring the daily operations of companies, managing clients, appearing before the Court, drafting the reports of the Provisional Administrator, analyzing the situation surrounding the concerns identified in the Authority's Request and the Order, and other matters mentioned in this report.
- 7.4. This provisional administration file is complex, as are the links between the various companies and related persons.

- 7.5. As indicated by Judge Dumais, J.S.C., in the *Lacroix* provisional administration case, one of the duties of the Provisional Administrator is to: "protect the public, find out what happened, and verify the status of the assets entrusted to it."
- 7.6. As indicated in the Second Report, the following table sets forth the allocation of fees among the various Defendant Companies.


	Whitehaven \$	Solstar \$	MVMT \$	Total \$
Fees paid for the period from August 27 to November 15, 2024	487,936	73,427	407,198	968,561
Fees payable for the period from November 16 November 2024 to May 31, 2025	231,032	23,683	380,869	635,584
	718,968	97,110	788,067	1,604,145


8. CONCLUSIONS AND RECOMMENDATIONS

- 8.1. In light of the foregoing, the Interim Administrator recommends and is of the opinion that:
- that provisional administration should be maintained for the Whitehaven Entities;
 - that provisional administration should be maintained for the MVMT Entities and that a PSIV should be implemented while continuing, in parallel, the recovery of the Loans and the exercise of the powers of the Provisional Administrator;
 - that a voluntary assignment of the Solstar Entities should be filed and that he should be appointed as bankruptcy trustee.

July 29, 2025

FTI CONSULTING CANADA INC
Provisional Administrator of the Defendants

By: 
Martin Franco, CPA, CIRP, SAI
Designated Person


By: Patrick Fillion, CPA, CF

ANNEX

Summary table of responses received from issuers

<u>Entity / Company</u>	<u>Answer obtained?</u>	<u>Cease Trade Order</u>	<u>Insolvency Proceedings</u>	<u>Still in operation / Still in operation</u>	<u>Ability to redeem or repay / Ability to redeem</u>	<u>2024'S FS / ÉF audited 2024¹–</u>
8207313 Canada Inc. (Finabanx / Brain Finance)	✓ April 23, 2025	X	X	✓	✓	X
Angus A2A GP Inc., Angus Manor Park A2A GP Inc., Angus Manor Park A2A Capital Corp., Angus Manor Park A2A Developments Inc., Windridge A2A GP Inc., Windridge A2A Developments, LLC, Fossil Creek A2A GP Inc., Fossil Creek A2A Developments, LLC, A2A Developments Inc., Serene	X	X	✓			X

✓ : Yes / yes

X : No / no

¹ Received by the provisional administrator or available on SEDAR+.

<u>Entity</u>	<u>Answer obtained?</u>	<u>Cease Trade Order</u>	<u>Insolvency Proceedings</u>	<u>Still in oper ati on / Still in operation</u>	<u>Ability to redeem or repay / Ability to redeem</u>	<u>2024'S FS / ÉF audited 2024¹–</u>
Country Homes (Canada) Inc.						
Beauty World Search (BWS – Bond, BWS – Equity)	✓ 07/04/2025 05/01/2025	X	X	✓	X	12/31/2024
Blucap Real Estate Fund / Blucap Real Estate Fund	X	✓	X			X
Durum Opportunities Fund Trust	X	X	X			X
Eggpress	X	✓ ²	✓ ³			X
Hopitel Income Trust I, II	X	X	X			X

² Eggpress Income Trust / Eggpress Income Trust

³ Eggpress Matin Inc.

<u>Entity</u>	<u>Answer obtained?</u>	<u>Cease Trade Order</u>	<u>Insolvency Proceedings</u>	<u>Still in / Still in operation</u>	<u>Ability to redeem or repay / Ability to redeem</u>	<u>2024'S FS / ÉF audited 2024¹–</u>
ICM IX Realty Estate Trust	✓ 09/04/2025 05/06/2025	X	X	(X)	✓ ⁵	31/12/2024
International Multimedia Movies and Experiences Inc. (Immex)	✓ 03/04/2025 05/05/2025	X	X	✓	X	12/31
Institut Mondial de l'Investisseur actif inc. / World Traders Institute inc.	X	✓	X			X
Invico	✓ 01/04/2025	X	X	✓	✓	12/31/2024

⁴ ICM (IX) Real Estate Trust completed a transaction with ICM Property Partners Trust on June 28, 2019, whereby all the assets and unitholders of ICM (IX) Real Estate Trust were merged into ICM Property Partners Trust, and ICM (IX) Real Estate Trust ceased to exist. As a result, investors who invested in ICM (IX) Real Estate Trust through Whitehaven, in their capacity as an exempt market dealer, and have not yet redeemed, now hold Series C, D, and US\$ units of ICM Property Partners Trust (see letter to unitholders dated May 30, 2019).

⁵ Series C, D, US\$ units of ICM Property Partners are all redeemable without penalty at the then prevailing NAVPU for the respective series based on the issuance date of June 28, 2019 subject to monthly redemption thresholds of 1% of issued and outstanding units each calendar month. Once the monthly redemption threshold in a calendar month is reached, redeeming unitholders may receive (in lieu of cash) redemption notes. Redemption notes will be unsecured and subordinated debt securities of ICM Property Partners Trust

<u>Entity / Company</u>	<u>Answer obtained?</u>	<u>Cease Trade Order</u>	<u>Insolvency Proceedings</u>	<u>Still in operation / Still operating</u>	<u>Ability to redeem or repay / Ability to redeem</u>	<u>2024'S FS / ÉF audited 2024¹</u>
All-Star Auto Leasing Inc. (Crédit Finova Inc. / Finova Financing Inc.)	✓ 20/05/2025	X ⁶	X	X	✓ ⁷	X
Marquest Mining Quebec	✓ ⁸ 03/07/2025					
Mavan Tech Opportunity Fund, Mavan Technology LP	✓ 31/03/2025	✓ ⁹ 07/03/2025	X	✓	X	X
New Oak Finance Inc. (New Oak Finance Fund I, New Oak Finance Equity Fund I, FuturePay	✓ 23/04/2025	✓ ¹⁰	X	✓	X	X

⁶ Cease trade order for All-Star Financial Corporation Inc. / Trading ban for All-Star Financial Corporation Inc.

⁷ Since November 2023, as part of the liquidation process of Crédit Finova, we have been making capital repayments, but no interest payments are being made, in accordance with discussions held with all of our investors.

⁸ Marquest Asset Management Inc. confirmed that no investors introduced by Whitehaven are in active Marquest Flow-Through Limited Partnerships.

⁹ MAVAN Tech Opportunity Fund #1

¹⁰ Newoak Finance Fund I / Newoak Finance Fund I; Newoak Finance Equity Fund I / Newoak Finance Equity Fund I

<u>Entity / Company</u>	<u>Answer obtained?</u>	<u>Cease Trade Order</u>	<u>Insolvency Proceedings</u>	<u>Still in operation / Still in operation</u>	<u>Ability to redeem or repay / Ability to redeem</u>	<u>2024'S FS / Audited FS audited 2024¹-</u>
Receivables Acquisition)						
Omniarch Global Bond Corporation	X	✓	X			
Prestige Hospitality Opportunity Fund	✓ 02/04/2025	X	X	✓	✓ ¹¹	31/12/2023
Reiva Global Corporation	✓ 03/25/2025	X	X	X	X	X
Secure Capital MIC Inc.	✓ 03/27/2025 04/22/2025	X	X	✓	✓ ¹²	12
Stellar Capital Fund	X	X	X			X
Terrapro	X	X	✓			X
The Foodcourt Inc., The	X	X	X			X

¹¹ Investors are able to redeem their units in accordance with the terms of the Issuer's Declaration of Trust. The Issuer expects to address the redemption of units on a case-by-case basis, depending upon the availability of cash.

¹² The Issuing Company is able to redeem investor shares; however, funds for redemptions are available as mortgages are repaid and as new money is raised. Redemptions are processed within a 60-day period, in accordance with our redemption policies. All requests for share redemptions, to date, have been fulfilled. At this time, we are confident that the Issuing Company will continue to honor redemption requests in both the short and medium term, provided they are in accordance with our redemption policies.

<u>Entity / Company</u>	<u>Answer obtained?</u>	<u>Cease Trade Order</u>	<u>Insol vency Proceedings</u>	<u>Still in operation / Still in operation</u>	<u>Ability to redeem or repay / Ability to redeem</u>	<u>2024 FS / audited audited 2024¹-</u>
Foodcourt Equity Fund						
Tribaux Real Estate Management / Gestion immobilière Tribaux, 9580786 Canada Inc.	X	✓	✓			X
Trinity Hotels Fund I	✓ 08/04/2025	X	X	✓	✓ ¹³	31/12/2024
Triumph Real Estate Fund I, II	X		X			
WattByWatt Inc.	✓ 04/03/2025	X	X	✓	✓ ¹⁴	31

¹³ Will be paid by the Fund through issuance of Promissory Note to the redeeming unitholder. We expect the issuance of Promissory Notes to redeeming unitholders will be a short term occurrence.

¹⁴ The operating company's existing liquidity is reserved for the payment of its operating expenses for the next 6 to 9 months. This includes research and development activities, pilot production, and business development. As a result, the issuing company is not in a position to satisfy redemption requests from unitholders at this time. As specified in the Operating Company's business and operations update, based on our financial projections, the progress of the remaining technical milestones and the potential outcome of certain discussions currently underway with potential customers and partners, the Operating Company expects its revenues to increase upon the conclusion of a licensing or commercial agreement in 2026. Cash should be available in 2026 to support the company's operations and growth and to meet investor redemption requests. Accordingly, the Operating Company aims to begin repayments to unitholders who wish to redeem their units during the last quarter of 2026.

