This is exhibit $\overline{\Sigma}$ referred to in the affidavit of Σ	IOHN KENNETH PURDY sworn before
	me on December 1, 2011.
	A Commissioner of Oaths for the Province of Alberta
	Conan J. Taylor
	PRINT NAME AND EXPIRY/LAWYER

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IN THE COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

S & D INTERNATIONAL GROUP INC.

Plaintiff

and -

ARMAC INVESTMENTS LTD.,

1317517 ALBERTA LTD., 1225534 ALBERTA LTD.

LAKE EDEN PROJECTS INC.,

HALF MOON LAKE RESORT LTD.,

CARIBOO ALLOYS INC..

JOHN KENNETH PURDY,

Otherwise known as JACK PURDY

NORMAN W. SIMONS AND SIMONS & STEPHENS

ALLAN DAWSON MACMULLIN

AXCESS CAPITAL PARTNERS INC.

AXCESS CAPITAL MANAGERS INC.

AND WILLIAM J. BUTERMAN

Otherwise Known as BILL BUTERMAN

Defendants

STATEMENT OF CLAIM

- 1. The Plaintiff is a company incorporated in Alberta and carries on business as a real estate holdings and real estate development company in the Province of Alberta, with its head and registered office in Edmonton, Alberta.
- 2. The Defendant Armac Investments Ltd. (hereinafter called "Armac") is a body corporate carrying on business as a real estate holdings

company in the Province of Alberta, with its head and registered office in Edmonton, Alberta. The Defendant Armac is affiliated with and holds the controlling shares in the Defendant companies Half Moon Lake Resort Ltd., Lake Eden Projects Inc., 1317517 Alberta Ltd., and 1225534 Alberta Ltd. and Cariboo Alloys Inc., as well as the following companies, namely: 1204583 Alberta Inc., Wild Rose Marketing Corp., Executive Club Inc., and Comamigo Ltd., all of which are companies incorporated in Alberta.

- 3. The Defendant John Kenneth Purdy, otherwise known as Jack Purdy, is a real estate speculator and a stock promoter, and is a resident of the City of Edmonton, in the Province of Alberta (hereinafter called "the Defendant Purdy").
- 4. At all material times hereto, the Defendant Purdy was the sole director and sole beneficial shareholder of the Defendant Armac, and also the controlling director of all the companies controlled by Armac as described herein, and specifically the Defendants 1317517 Alberta Ltd., 1225534 Alberta Ltd., Lake Eden Projects Inc., and Half Moon Lake Resort Ltd., and Cariboo Alloys Inc.
- 5. The Defendant Allan Dawson MacMullin (hereinafter called "the Defendant MacMullin") is a resident of the City of Edmonton in the Province of Alberta, and carries on the business of residential and commercial construction and renovation in the City of Edmonton, in the Province of Alberta.
- 6. The Defendant Norman W. Simons is a lawyer in the City of Edmonton in the Province of Alberta and the main partner and authorized representative of the law firm Simons & Stephens which operates its business in the City of Edmonton, in the Province of Alberta (hereinafter jointly referred to as "the Defendants Simons").
- 7. At all material times, the Defendants Simons represented themselves as the lawyers for the Defendants Armac and Purdy, and also acted in the capacity as the duly authorized representatives of the Defendants Armac and Purdy in all transactions pertaining to the Plaintiff, as well as providing legal services and trust assurances for completing the real estate transactions pertaining to the Westridge property for the

security of the Plaintiff and for the benefit of the Defendants Armac and Purdy.

- 8. The Defendants Axcess Capital Partners Inc. and Axcess Capital Managers Inc. (hereinafter jointly referred to as "the Defendants Axcess") are companies incorporated in the Province of Alberta, with their head offices in Calgary, Alberta, and carry on the businesses of mortgage brokers, banking, and financing lenders in the Province of Alberta.
- 9. The Defendant William J. Buterman, otherwise known as Bill Buterman, is a licensed mortgage broker in the Province of Alberta and also operates the businesses of mortgage brokers, banking, and financing lenders in the Province of Alberta (hereinafter called "Buterman"). At all material times hereto, the Defendant Buterman was the controlling director and a shareholder of the Defendants Axcess.
- 10. The Defendants Armac Investments Ltd., 1317517 Alberta Ltd., 1225534 Alberta Ltd., Lake Eden Projects Inc., and Half Moon Lake Resort Ltd. were at all times, or became, the registered owners of those lands as described and identified in Addendum "A" in this Statement of Claim, all of which lands are located in or near the City of Edmonton, in the Province of Alberta (hereinafter called "the said properties").
- 11. On or about the 15th day of August, 2003, the Plaintiff entered into a partnership arrangement with the Defendant MacMullin to purchase and operate a hotel and golf course complex known as Westridge Park Lodge and located on lands legally described as: S.E. of S. 1, T. 51, R. 26, W4 (hereinafter called "the Westridge property"). The Plaintiff and the Defendant MacMullin formed an Alberta company called 1061702 Alberta Ltd., later renamed Westridge Park Lodge and Golf Resort Ltd., in which the Plaintiff held 75% of the issued shares and the Defendant MacMullin (through his agent John Dunne) held the remaining 25% of the shares. Throughout their partnership, the Defendant MacMullin operated the business on the property and acted in a fiduciary trust relationship to the Plaintiff to indemnify and safeguard the investment of the Plaintiff and to do everything

necessary to increase the equity of the Plaintiff in the Westridge property.

- On or about the 1st day of July, 2008, the Defendant MacMullin entered into a partnership arrangement with the Defendant Purdy, and shortly thereafter the Defendant MacMullin began to negotiate a sale of the Westridge property to the Defendant Purdy and the Defendant Armac and all the companies controlled by the Defendants Purdy and Armac. The Defendant MacMullin acted in his capacity as partowner of the Westridge property and also as fiduciary trustee in representing the interests of the Plaintiff with the duty to safeguard the Plaintiff's investment and to negotiate a purchase price based on the appraised value of the Westridge property. The Defendant MacMullin was also influenced and enticed by the Defendants Armac and Purdy by the representations made in their partnership arrangement, to sell the Westridge property to the Defendants Armac and Purdy, to the detriment of the Plaintiff and the Defendant MacMullin.
- 13. On or about July 10th, 2008, the Defendant MacMullin met with the Defendant Buterman and the Defendant Purdy to discuss and agree upon a general partnership agreement for the development of residential housing near Edmonton, Alberta. Pursuant to this partnership arrangement, the individual defendants would each profit from the collaboration, whereby the Defendant Buterman would arrange the financing through the Defendant Axcess, the Defendant Purdy would provide the lands and properties through the Defendant Armac and its affiliates, which included the Westridge property, and the Defendant MacMullin would provide construction and renovation services to increase the values of the properties and create capital gains and profits for the partnership of the parties, and for the benefit of the Plaintiff.
- 14. The Defendant Buterman, on his own behalf and on behalf of the Defendant Axcess, induced the Defendant MacMullin to commit his resources and construction services to the real estate assets of the Defendants Purdy and Armac, which included the Westridge property, by the Defendant Buterman agreeing to provide his financial guarantee and the financial guarantee of the Defendant Axcess to negate the negative reputation of the Defendant Purdy and his companies of not paying any suppliers of materials and services, so

that the Defendant MacMullin could confidently rely on being paid for all of his materials and services and to receive his share of profits and other benefits under their partnership arrangement.

- 15. The Plaintiff states that the Defendants Buterman and Purdy made these representations and provided these said false assurances to the Defendant MacMullin to conspire to deceive the Defendant MacMullin into providing assurances in good faith to the Plaintiff to entice the Plaintiff to deal with the Defendants Purdy and Armac regarding the Westridge property, to the detriment of the Plaintiff and the Defendant MacMullin.
- 16. Pursuant to the undertakings, guarantees and assurances provided by the Defendant Buterman, the Defendant Axcess and the Defendant Purdy on behalf of himself and his companies, the Defendant MacMullin then entered into a contract with the Defendants Purdy and Armac, which included the guaranteed payment of the sum of \$10,000.00 per month to the Defendant MacMullin and his nominee companies directly, as well as incentives including 10% of all revenues from the properties owned and controlled by the Defendants Armac and Purdy, some of which are listed in Addendum "A" hereto.
- 17. In addition, the Defendant MacMullin received a 10% ownership interest pertaining to all properties controlled by the Defendant Purdy and the Defendant Armac and its affiliates, including the Westridge property, and some of the said properties are listed in Addendum "A" hereto. The Defendant MacMullin was also guaranteed the payment of all funds expended by the Defendant MacMullin and payment for all construction materials and services provided through the Defendant MacMullin and his companies. The Plaintiff states that the Defendant MacMullin relied upon the said contract in making his representations to the Plaintiff regarding the proposals made on the Westridge property to the Plaintiff for the sale of the Westridge property to the Defendants Armac and Purdy.
- 18. Based on these said assurances provided by the Defendants Buterman and Purdy, the Defendant MacMullin then made representations to the Plaintiff regarding the Westridge property to entice the Plaintiff to sell his interest in the Westridge property at less than its appraised value to the Defendants Purdy and Armac, by negotiating an agreement for the

sale of the Plaintiff shares in the company 1061702 Alberta Ltd., now renamed Westridge Park Lodge and Golf Resort Inc., which owned the Westridge property.

19. As a result of the said representations of the Defendant MacMullin as the partner of the Defendants Purdy and Arman, and as a consequence of the tactics of the Defendants Purdy and Buterman, the Plaintiff verbally agreed to sell its interest in the said company that owned the Westridge property to the Defendants Purdy and Armac at a price of \$1.6 million cash, with full indemnity against any and all claims resulting from the Plaintiff's involvement in the said company and in the Westridge property.

Following the verbal agreement of the Plaintiff to sell its interest in the said company that owned the Westridge property, the Defendants Simons, as authorized representatives of the Defendants Purdy and Armac, by letter dated October 10, 2007, provided written confirmation of the contractual agreement between the parties and the Defendants Simons provided assurance of the payment of the purchase price as agreed upon. Based on the assurances made by the Defendants Simons, the Plaintiff states that the Defendants Simons acted in a trustee capacity for the Plaintiff to insure that the Plaintiff would be protected for their investment in the company that owned the Westridge property, and for the payment of the sale proceeds, as well as safeguarded from any and all claims arising from this The Plaintiff relied upon the said assurances of the transaction. Defendants Simons in agreeing to extensions on the closing of the transaction in the belief that the payment of the purchase price was guaranteed to the Plaintiff.

As part of this arrangement, the Defendant MacMullin acting both as the fiduciary representative of the Plaintiff and also as the partner of the Defendants Purdy and Armac, provided his assurance and guarantee of the payment of the purchase price to the Plaintiff and pledged his 10% interest in the properties of the Defendants Purdy and Armac, as listed on Addendum "A" attached hereto. The Plaintiff relied upon the said assurances of the Defendant MacMullin in agreeing to extensions on the closing of the transaction in the belief that the payment of the purchase price was guaranteed to the Plaintiff.

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- Pursuant to the said undertakings and assurances of the Defendant 22. Buterman and the Defendant Purdy, the Defendant MacMullin implemented a massive program of construction, development and renovation on the Westridge property and also on all the properties as described on Addendum "A" in this Statement of Claim, including design, planning, building site assessment, sub-division planning services (including sewer & water installation & design), environmental assessment services. regulatory planning development services, re-development planning services, construction and project management services to oversee planning, development, renovation and re-construction on the said properties, and to manage, clean-up, and to supervise and implement the development and security of the said properties for the benefit of the Defendants, and each of them. The Defendant MacMullin has continued his construction and renovation services on the said properties described in Addendum "A" and is still continuing to provide materials and services to the said properties pursuant to his agreements with the Defendants, and each of them.
- 23. Based on the improvements made by the Defendant MacMullin to the Westridge property and also to the said properties listed in Addendum "A", the Defendant Buterman organized loans through the Defendant Axcess in excess of the true value of the said properties in order to profit personally, and for the profit of the Defendant Armac and the Defendant Purdy personally, but intentionally refused to pay the monies owing to the Plaintiff, and also neglected to pay the Defendant MacMullin for his materials and services, and did not account to the Plaintiff and the Defendant MacMullin for the diminished value of the said properties, to the detriment of the Plaintiff, the Defendant MacMullin, and the investors of the Defendant Axcess.
- 24. Further and in the alternative, the Defendant Buterman in collusion with the Defendant Purdy conspired and implemented a fraud on the Plaintiff, the Defendant MacMullin and on the investors of the Defendant Axcess by organizing and relying upon inflated appraisals on the Westridge property and on the said properties listed in Addendum "A" hereto, supported by non-existent leases and fictitious values, thereby creating prejudice and losses to the Plaintiff under the sale agreement, the Defendant MacMullin under the partnership arrangement, and the investors of the Defendant Axcess.

- 25. Further and in the alternative, the Defendant Purdy filed mortgages to his companies on some of the said properties which were part of the partnership assets, to eliminate any equity in the said properties, thereby creating prejudice and losses to the Defendant MacMullin under the partnership arrangement, and also to the Plaintiff in its recovery of money owing to the Plaintiff as an unpaid vendor of the Westridge property.
- The Plaintiff states that improvements to the Westridge property and 26. to the said properties listed in Addendum "A" in this Statement of Claim resulted from the services and materials provided by the Defendant MacMullin for design, planning, building site assessment, sub-division planning services (including sewer & water installation, design and planning), environmental assessment services, regulatory and development services, re-development planning planning services, construction and project management services to oversee planning, development and construction on the said properties, and to manage, clean-up, and to supervise and implement the development and security of the said properties for the benefit of the Defendants, and each of them. The Plaintiff states that the said improvements are deemed to be for the benefit of the Plaintiff as an unpaid vendor of the Westridge property, and that the actions of Defendants Purdy and Buterman were intended to conspire to defeat the legal and rightful interest of the Plaintiff.
- 27. On or about the 6th day of February, 2009, the Plaintiff registered a Builder's Lien on the said properties listed in Addendum "A", as Instrument No. 092 046 290, in the amount of \$1,450,000.00, for materials and services provided by the Defendant MacMullin to the Westridge property and also to the said properties as listed in Addendum "A" in this Statement of Claim, on behalf of and on the request of the Defendants Purdy, Armac and Buterman, and each of them, for the improvements made by the Defendant MacMullin on the said properties for the benefit of the Defendants, and each of them. The Plaintiff claims the value of all of these improvements to all of the said properties as part of its fiduciary claim through the Defendant MacMullin.

- The Plaintiff further states that as further compensation for the skilled 28. and professional services provided by the Defendant MacMullin to the Defendant Purdy and all his said companies for the construction, management and development services on the Westridge property and all the said properties listed in Addendum "A" in the Statement of Claim, the Defendant Purdy, on his own behalf and on behalf of the Defendant Armac and the other affiliated defendant companies, agreed that the Plaintiff would receive a 10% interest in all of the said properties in consideration of his valued services for increasing the value of the said properties resulting from the materials, services and resources provided by the Plaintiff, and that the Plaintiff would share in 10% of the profits of the total development venture on the said properties. The Plaintiff states that as a result of its status as an unpaid vendor of the Westridge property, and as a result of the fiduciary trustee relationship of the Defendant MacMullin to the Plaintiff and the assurances and agreements between the parties, that the 10% interest in all of the said properties rightfully accrues and is legally vested in the Plaintiff.
- 29. Pursuant to the said agreement by the Defendant Purdy on behalf of the Defendant companies, the Defendant MacMullin filed a Caveat on all of the said properties listed in Addendum "A", as Instrument No. 092 046 291, which forbids registration of any documents unless they are subject to the rights of the Plaintiff as described in the Caveat. The Plaintiff claims the legal right to the interest identified in the Caveat, and the right to enforce the same at law.
- 30. The Plaintiff states that, to date, the Defendants Armac and Purdy, and each of them have refused and failed to provide payment of the monies owing to the Plaintiff under its agreement for the sale of its interest in the company that owned the Westridge property. In addition, the Defendants Armac and Purdy and each of them have failed to settle the claims of the Plaintiff in the Builder's Lien for services to the Westridge property and to the said properties listed in Addendum "A",in accordance with the agreement between the Defendant MacMullin and the individual Defendants Buterman and Purdy, pursuant to invoice claims of the Defendant MacMullin, and have further failed to provide a transfer of title to the Defendant MacMullin of the interest in the said properties as contracted with the

Defendant MacMullin, or an accounting of 10% of the revenues from each of the properties.

- 31. The Plaintiff, pursuant to its claim as unpaid vendor and beneficial owner of the rights of the Defendant MacMullin to the properties described in Addendum "A", hereby demands specific performance of the agreement between the parties for the transfer of the said 10% interest in the properties described in Addendum "A" to the Plaintiff, or alternatively compensation in the amount of \$15,000,000.00 and such further amounts for the Plaintiff's losses resulting from the appreciation of real estate value of the said properties and the failure of the Defendants Purdy, Armac and the affiliate Defendants, and each of them to transfer the undivided 10% interest to the Plaintiff.
- 32. The Plaintiff has demanded payment for all amounts claimed and outstanding, however, the Defendants and each of them have refused or neglected to comply with the Plaintiff's demands for payment.
- 33. The Plaintiff further states that the Defendant Purdy, on his own behalf and on behalf of the Defendant Armac and its affiliates, and the Defendant Buterman on his own behalf and on behalf of the Defendant Axcess, have acknowledged the indebtedness owing to the Defendant MacMullin and also to the Plaintiff in the presence of witnesses, and have promised on several occasions to pay the monies owing in order to entice the Defendant MacMullin to provide further services to the Defendants and each of them, and to entice the Plaintiff to continue to cooperate with the requests of the Defendants and each of them, and the Plaintiff states that the Defendants and each of them are now estopped from denying their liability to the Plaintiff.
- 34. The Plaintiff states that the Defendants, and each of them, have continually represented to the Plaintiff that they will be paying the amount owing for the unpaid vendor's claim from new developments as designed and organized by the Defendant MacMullin and have promised that the Plaintiff would be granted further compensation in the form of other property, but the Defendants and each of them have refused or failed to fulfill their responsibilities to the partnership between the parties and to continue the development of the said properties as listed in Addendum "A" in the Statement of Claim, to the financial detriment of the Plaintiff.

- 35. The Plaintiff further states that the Defendants and each of them improperly and wrongfully breached their contract with the Plaintiff, and caused the Plaintiff to suffer the following further losses, namely:
 - (a) Loss of investment of the sum of \$1,600,000.00;
 - (b) Loss of Income created by non-payment of accounts, for Special Damages of \$1,000,000.00;
 - (c) Loss of Business Opportunities due to failures and defaults made by the Defendants, for total General Damages valued at \$2,000,000.00.
 - (d) General Damages in the amount of \$5,000,000.00
 - (e) Punitive and Exemplary Damages for fraud and deceit, in the amount of \$2,000,000.00
- 36. The Plaintiff has at all times been ready, willing, and able to perform its obligations pursuant to the agreement with the Defendants Armac, Purdy and Buterman, and their companies and each of them, but the Defendants and each of them have refused and failed to perform their commitments and obligations under the agreement.
- 37. Further, the Plaintiff has completed its transaction with the Plaintiff through the Defendants Simons, but the Defendants and each of them have failed to pay the purchase price to the Plaintiff, as required by contract, and in breach of the fiduciary relationship and trust assurances of the Defendants Simons to the Plaintiff, and the breach of assurances and breach of contract of the other Defendants.
- 38. As a result of the Plaintiff performing its part of the contract with the Defendants Armac and Purdy, the Defendant Cariboo Alloys Inc., an Alberta company controlled by the Defendants Armac and Purdy, is the sole shareholder of a company called Westridge Park Lodge and Golf Resort Ltd, formerly called 1061702 Alberta Ltd., as agreed upon by the parties hereto, and the Defendant Armac became the registered owner of the Westridge property.
- 39. Further, based on the inducements of the Defendant Buterman and the Defendant Axcess and the assurances of the Defendant Purdy on behalf of his companies, as hereinbefore described, the Plaintiff agreed to cooperate with the Defendant MacMullin and the Defendant Purdy and to transfer his interest in the company that owned the

Westridge property. As a result of the misrepresentations and fraudulent inducements, the Plaintiff has recinded his contracts for the sale of the above properties to the Defendants Purdy, Armac, and Cariboo Alloys Inc., and hereby claims the return of the Westridge property. The Plaintiff further claims that the Defendant Buterman and the Defendant Axcess conspired with the Defendants Purdy and Armac in improperly obtaining the Westridge property from the Plaintiff and did not secure actual title because of the unpaid vendor's lien of the Plaintiff, and the Plaintiff claims it is entitled to the return of the title to the Westridge property and the title to the shares in the company that held the title to the Westridge property, and that the mortgages and loans of the Defendant Axcess are therefore not enforceable against the interest of the Plaintiff in the Westridge property.

40. The Plaintiff proposes that the trial of this action be held at the Law Courts Building, in the City of Edmonton, in the Province of Alberta.

WHEREFORE THE PLAINTIFF CLAIMS AS AGAINST THE DEFENDANTS, AND EACH OF THEM:

- (A) A Declaration that the Plaintiff has a valid and subsisting Caveat claim on the said properties as listed on Addendum "A" of this Statement of Claim and is entitled to all the remedies at law.
- (B) An Order for rescission of the contracts of the Plaintiff with the Defendants Purdy and Armac and Cariboo Alloys Inc. regarding the sale of the Westridge property legally described as SW 1-51-26-W4, and vesting title to these properties back to their original owners.
- (C) An Order declaring the mortgages of the Defendant Axcess to be null and void and subject to the unpaid vendors claim of the Plaintiff;
- (D) An Order declaring the mortgages of the Defendant Armac to be null and void and subject to the claims of the Plaintiff.
- (E) Judgement in the amount of \$1,600,000.00, as described in the contract, and a Judgement for such further amounts for costs and expenses of the Plaintiff, together with interest on the said amount from October 10, 2007;

- (F) An order appointing an Interim Receiver and a Permanent Receiver to preserve the said properties as listed on Addendum "A" in this Statement of Claim and to enable the Plaintiff to recover his claim from the said properties;
- (G) An Order for the sale of the said properties to allow the Plaintiff to recover his claims from the Defendants;
- (H) An Order for specific performance of the contract between the parties for the transfer of the 10% interest in the said properties listed in Addendum "A" to the Plaintiff, or alternatively, a Judgement to the Plaintiff for the sum of \$15,000,000.00 together with such further amount for the loss in appreciation of real estate value of the said properties, and such other compensation as this Court deems meet.
- (I) Judgement for Special Damages in the amount of \$3,000,000.00, for losses as described herein;
- (J) Judgement for General Damages in the amount of \$5,000,000.00, for losses as described herein;
- (K) Judgement for Punitive and Exemplary Damages in the amount of \$2,000,000.00;
- (L) Such further and other relief as this Court deems just;
- (M) Costs of this Action.

Dated at the City of Edmonton, in the Province of Alberta, this day of May, 2009, AND DELIVERED BY: S & D International Group Inc., the Plaintiff herein, whose address for service is: 3rd Floor S & D Professional Centre, 2603 Hewes Way, N.W., Edmonton, Alberta T6L 6W5.

ISSUED out of the Office of the Clerk of the Court of Queen's Bench of Alberta, Judicial District of Edmonton, on this 3 day of May, 2009.

JUNE

Clerk of the Court of Queen's Bench
Of Alberta

ADDENDUM "A"

LEGAL DESCRIPTIONS OF PROPERTIES:

1. Plan 2008 CL

Lots Two (2) and Three (3)

Excepting Thereout:

(A) The Most Westerly Five (5) Feet Throughout of said Lot Two (2)

(B) Part for Road as shown on Road Plan 7821672 of Lots Two (2) and Three (3)

Excepting thereout all mines and minerals.

Title Number: 082 196 833 +2

Registered Owner: Armac Investments Ltd.

2. Plan 9422776

Block 1 Lot 18

Excepting thereout all mines and minerals

Title Number: 072 313 780

Registered Owner: 1317517 Alberta Ltd.

3. Plan 4423 AJ

Block 16

Lot 353

Excepting Thereout All mines and minerals

Title Number: 072 625 988

Registered Owner: 1225534 Alberta Ltd.

4. Plan 8520616

Block 1

Lot 1

Excepting Thereout All Mines and Minerals

Area: 89.2 Hectares (220.42 Acres) More or less

Title Number: 042 322 284

Registered Owner: Lake Eden Projects Inc.

ADDENDUM "A" LEGAL DESCRIPTIONS OF PROPERTIES:

(continued ...)

5. Plan 7921845

Lot C

Excepting Thereout all Mines and Minerals Area: 16.4 Hectares (40.53 Acres) More or Less

Title Number: 072 131 665

Registered Owner: Armac Investments Ltd.

6. All That Portion of the South East Quarter of Section Six (6)

Township Fifty Two (52)

Range Twenty One (21)

West of the Fourth Meridian, Not Covered by any of the Waters Of Lake No. 1 and Lake No. 4 as shown on a plan of Survey of The Said Township signed at Ottawa on the 13th day of May A.D. 1901 Containing 56.3 Hectares (139 Acres); More or Less Excepting Thereout All Mines and Minerals

Title Number: 932 396 628

Registered Owner: Half Moon Lake Resort Ltd.

7. All that portion of the South East Quarter of Section One (1)

Township Fifty One (51)

Range Twenty Six (26)

West of the Fourth Meridian

Not covered by any of the waters of Saskatchewan River as Shown On a plan of survey of the said township signed at Ottawa on the 2nd day of December A.D. 1913 Containing One Hundred and Twenty Nine and Four

Hundredths (129.40) Acres More or Less

Excepting thereout:

Thirty Six Hundredths (0.36) of an Acre More or Less as shown on Road Plan 2712 CL

Excepting Thereout All Mines and Minerals

Title Number: 082 489 290

Registered Owner: Armac Investments Ltd.

TO THE DEFENDANTS: ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD., CARIBOO ALLOYS INC.. JOHN KENNETH PURDY, Otherwise known as JACK PURDY, NORMAN W. SIMONS AND SIMONS & STEPHENS, ALLAN DAWSON MACMULLIN AXCESS CAPITAL PARTNERS INC., AXCESS CAPITAL MANAGERS INC., AND WILLIAM J. BUTERMAN, Otherwise Known as BILL BUTERMAN

You have been sued. You are the Defendant. You have until 15 Days to file and serve a Statement of Defence of Demand of Notice. You or your lawyer must file your Statement of Defence or Demand of Notice in the office of the Clerk of the Court of Queen's Bench of Alberta in Edmonton. You or your lawyer must also leave a copy of the Statement of Defence or Demand of Notice at the address for service for the Plaintiff named in this Statement of Claim.

WARNING:

If you do not do both things within 15 days you may automatically lose the lawsuit. The Plaintiff may get a Court Judgment against you if you do not file, or do not give a copy to the Plaintiff, or do either thing late.

NO. May 2009

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

S & D INTERNATIONAL GROUP INC.

Plaintiff

and

ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD., CARIBOO ALLOYS INC.. JOHN KENNETH PURDY, Otherwise known as JACK PURDY, NORMAN W. SIMONS AND SIMONS & STEPHENS, ALLAN DAWSON MACMULLIN AXCESS CAPITAL PARTNERS INC., AXCESS CAPITAL MANAGERS INC., AND WILLIAM J. BUTERMAN, Otherwise Known as BILL BUTERMAN

Defendants

STATEMENT OF CLAIM

S & D International Group Inc. 3rd Floor, 2603 Hewes Way N.W. Edmonton, Alberta T6L 6W6

,

IN THE COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

S & D INTERNATIONAL GROUP INC.

Plaintiff

- and -

ARMAC INVESTMENTS LTD.,

1317517 ALBERTA LTD., 1225534 ALBERTA LTD.,

LAKE EDEN PROJECTS INC.,

HALF MOON LAKE RESORT LTD.,

CARIBOO ALLOYS INC.,

JOHN KENNETH PURDY,

Otherwise known as JACK PURDY

NORMAN W. SIMONS AND SIMONS & STEPHENS,

ALLAN DAWSON MACMULLIN,

AXCESS CAPITAL PARTNERS INC.,

AXCESS CAPITAL PARTNERS INC.,

AND WILLIAM J. BUTERMAN

Otherwise known as BILL BUTERMAN

Defendants

ORDER

UPON THE APPLICATION OF ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD., CARIBOO ALLOYS INC, JOHN KENNETH PURDY Otherwise known as JACK PURDY, NORMAN W. SIMONS and SIMONS & STEPHENS; AND UPON READING the Affidavit of Kevin D. Mah filed herein, AND UPON HEARING submissions from

This is exhibit <u></u> referred to in the affidavit	of JOHN KENNETH PURDY sworn before
	me on December 1, 2011.
_	(3) / (2)
	A Commissioner of Oaths for
	A Commissioner of Oaths for the Province of Alberta
	Conan J. Taulor
	PRINT NAME AND EXPIRY/LAWYER

,

ACTION NO.

IN THE COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD.

Plaintiffs

- and -

S & D INTERNATIONAL GROUP INC.

Defendant

STATEMENT OF CLAIM

- At all material times, the Plaintiffs ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., and HALF MOON LAKE RESORT LTD. are corporations incorporated under the laws of the Province of Alberta and carries on business in the Province of Alberta.
- 2. The Defendant S & D INTERNATOINAL GROUP INC. is a corporation incorporated under the laws of the Province of Alberta and carries on business as a land developer in the Province of Alberta.
- 3. At all material times, the Plaintiffs are the individual registered owners of lands as follows:

Plan 2008 CL

Lots Two (2) and Three (3)

Excepting Thereout:

- (A) The Most Westerly Five (5) Feet Throughout of said Lot Two (2)
- (B) Part for Road as shown on Road Plan 7821672 of Lots Two (2) and Three (3)

Excepting Thereout all Mines and Minerals.

Title Number: 082 196 833 + 2

Registered Owner: Armac Investments Ltd.

Plan 9422776
Block 1
Lot 18
Excepting Thereout all Mines and Minerals

Title Number: 072 313 780

Registered Owner: 1317517 Alberta Ltd.

Plan 4423 AJ Block 16 Lot 353 Excepting Thereout all Mines and Minerals

Title Number: 072 625 988

Registered Owner: 1225534 Alberta Ltd.

Plan 8520616
Block 1
Lot 1
Excepting Thereout a

Excepting Thereout all Mines and Minerals Area: 89.2 Hectares (220.42 Acres) More or less

Title Number: 042 322 284

Registered Owner: Lake Eden Projects Inc.

Plan 7921845

Lot C

Excepting Thereout all Mines and Minerals Area: 16.4 Hectares (40.53 Acres) More or Less

Title Number: 072 131 665

Registered Owner: Armac Investments Ltd.

All That Portion of the South East Quarter of Section Six (6)
Township Fifty Two (52)
Range Twenty One (21)
West of the Fourth Meridian, Not Covered by any of the Waters
Of Lake No.1 and Lake No.4 as shown on plan of Survey of
The Said Township signed at Ottawa on the 13th day of May A.D. 1901
Containing 556.3 Hectares (139 Acres); More or Less
Excepting Thereout all Mines and Minerals

Title Number: 932 396 628

Registered Owner: Half Moon Lake Resort Ltd.

All that portion of the South East Quarter of Section One (1)

Township Fifty One (51) Range Twenty Six (26)

West of the Fourth Meridian

Not covered by any of the waters of Saskatchewan River as Shown

On a plan of survey of the said township signed at Ottawa on the 2nd day of December A.D. 1913 Containing One Hundred and Twenty Nine and Four

Hundredths (129.40 Acres) More or Less

Excepting Thereout:

Thirty Six Hundredths (0.36) of an Acre More or Less as shown on Road Plan

2712 CL Excepting thereout all Mines and Minerals

Title Number: 082 489 290

Registered Owner: Armac Investments Ltd.

(the "Lands").

- 4. On or around June 3, 2009, the Defendant filed the Statement of Claim in Action No. 0903 08394 against such Defendants including ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., and HALF MOON LAKE RESORT LTD. (the "Companies").
- 5. JOHN KENNETH PURDY is also named as a Defendant in Action No. 0903 08394.
- 6. JOHN KENNETH PURDY is the Director of the Companies which includes the Plaintiffs
- 7. The Defendant filed a Certificate of Lis Pendens associated with Action No. 0903 08394 and maliciously, with the intent to slander the title against the Lands owned by the Companies.
- 8. The Defendant registered the said Certificates of Lis Pendens maliciously and in an attempt to hinder JOHN KENNETH PURDY from dealing with the Lands.

- As a result of this slander of title of which the Defendant has no legal or beneficial interest, the Plaintiffs have suffered damages in the sum of \$5,000,000.00.
- 10. As a result of this slander of title, the value of the Lands have diminished in value.
- 11. The Plaintiff proposes that the trial of this action take place at the Law Courts Building, in the City of Edmonton, in the Province of Alberta, and states that the trial will be for a period of less than 25 days.

WHEREFORE THE PLAINTIFFS CLAIM AGAINST THE DEFENDANT AS FOLLOWS:

- a. Judgment for General damages in the amount of \$5,000,000.00 for slander of title and diminution in the value of the Lands:
- b. In the alternative, damages in such amount as determined by this Honourable Court to be the difference in value that the Plaintiffs would have been able to obtain in the Lands without the slander of title by the Defendant;
- c. An Order to discharge the Certificate of Lis Pendens associated with Action No. 0903 08394 on the Lands;
- d. Punitive, exemplary, aggravated damages and damages at large in the amount of \$1,000,000.00:
- e. Interest pursuant to the Judgment Interest Act R.S.A. 2000, c. J-1;
- f. Costs of this action on a Solicitor and own client basis; and
- g. Such further and other relief this Honourable Court deems fair and just.

DATED at the City of Edmonton, in the Province of Alberta, this 16 day of SEPTEMBER, 2010, **AND DELIVERED** by Messrs. Simons & Stephens, Barristers and Solicitors, #750, 10665 – Jasper Avenue, Edmonton, Alberta, T5J 3S9, Solicitors for the Plaintiffs herein whose address for service is in care of the said Solicitors, and whose opinion is that the trial of this action will likely not take more than 25 days.

ISSUED at the Office of The Clerk of the Court of Queen's Bench of Alberta, Judicial District of Edmonton, this 16 day of SEPTEMBER, 2010.

CLERK OF THE COURT OF QUEEN'S BENCH OF ALBERTA TO THE DEFENDANT:

S & D INTERNATIONAL GROUP INC.

You have been sued. You are the Defendant. You have only 15 days to file and serve a Statement of Defence or Demand of Notice. You or your lawyer must file your Statement of Defence or Demand of Notice in the Office of the Clerk of the Court of Queen's Bench in Edmonton, Alberta. You or your lawyer must also leave a copy of your Statement of Defence or Demand of Notice at the address for service for the Plaintiff named in this Statement of Claim.

<u>WARNING</u>: If you do not do both things within 15 days, you may automatically lose the law suit. The Plaintiff may get a Court Judgment against you if you do not file, or do not give a copy to the Plaintiff, or do either thing late.

This Statement of Claim is issued by Simons & Stephens, the Solicitors for the Plaintiffs, whose name and address is:

SIMONS & STEPHENS 750, 10665 – Jasper Avenue Edmonton, Alberta T5J 3S9

The Plaintiffs' residence is:

Edmonton, Alberta

The Defendant's residence is:

030001004-001

\$200,00

Edmonton, Alberta



NO.

CHITEREU

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD

Plaintiffs

- and -

S & D INTERNATIONAL GROUP INC.

Defendant

<u>500</u> \$6.000

STATEMENT OF CLAIM

\$300

SIMONS & STEPHENS

Barristers and Solicitors #750, 10665 – Jasper Avenue Edmonton, Alberta T5J 3S9

> Phone: (780) 482-1536 Fax: (780) 488-1914

ATTENTION: NORMAN W. SIMONS

File: 22,399

IN THE COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD.

Plaintiffs

- and -

S & D INTERNATIONAL GROUP INC.

Defendant

STATEMENT OF DEFENCE

- 1. The Defendant admits the statements made in Paragraphs 1 to 6 of the Statement of Claim by the Plaintiffs, but denies all the remaining allegations made in the Statement of Claim against the Defendant.
- 2. The Defendant specifically denies that it commenced the legal action described in Paragraph 4 and filed the Certificate of Lis Pendens described in Paragraph 7 of the Statement of Claim for the sole purpose of slandering the titles of the Plaintiffs, as alleged, and states that the said legal documents filed by the Defendant were for the purpose of collecting a debt rightfully owing to the Defendant, and to enforce its claim against the properties owned by the Plaintiffs, as described in the Statement of Claim referred to in Paragraph 4 of the Plaintiff's Statement of Claim.
- 3. The Defendant specifically denies that it acted maliciously in filing its Statement of Claim and Certificate of Lis Pendens, and states that the Plaintiffs acted improperly in failing to pay the monies owing to the Defendant for the sale of its lands, as described in the Statement of Claim referred to Paragraph 4 of the Plaintiff's Statement of Claim, and that the Defendant is simply attempting to enforce its claim to the security that it has for the monies owing to it by the Plaintiffs.
- 4. The Defendant denies that the Plaintiffs suffered any damages or any loss in value to its properties, as alleged or at all, and states that any change in value in the Plaintiffs' properties are attributable to other causes, including the current real estate market.

- Further and in the alternative, the Defendant further states that the Plaintiffs' primary director and officer, John Kenneth Purdy, through his improper business dealings, has caused any losses that the Plaintiffs may have suffered in losses and damages.
- 6. In answer to the whole of the Statement of Claim of the Plaintiffs, the Defendant states that the Plaintiffs have no proper claim or basis for this legal action against the Defendant, and further states that this legal action was initiated to attack the Defendant's reputation in the business community and to deflect the efforts of the Defendant to collect the money that is rightfully owing and payable to the Defendant, which claim of the Defendant is referred to in Paragraph 4 of the Plaintiffs' Statement of Claim.

THE DEFENDANT HEREBY ASKS:

That the Statement of Claim against the Defendant be dismissed with costs.

DATED at the City of Edmonton, in the Province of Alberta, this _____ day of March, 2010, and DELIVERED by the Defendant S & D International Group Inc. whose address for service is: 3rd Floor, 2603 Hewes Way N.W. Edmonton, Alberta T6L 6W6



ACTION NO: 1003 - 15797

IN THE COURT OF QUEEN'S BENCH OF ALBERTA JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

ARMAC INVESTMENTS LTD., 1317517 ALBERTA LTD., 1225534 ALBERTA LTD., LAKE EDEN PROJECTS INC., HALF MOON LAKE RESORT LTD.

Plaintiffs

- and -

S & D INTERNATIONAL GROUP INC.

Defendant



STATEMENT OF DEFENCE

Address for Service of the Defendant S & D International Group Inc.

3rd Floor, 2603 Hewes Way N.W. Edmonton, Alberta T6L 6W6

This is exhibit $\overline{\bot}$ referred to in the affidavit of JOHN KENNETH PURDY sworn before
me on December 1, 2011.
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$//)\alpha m$
A Commissioner of Oaths for
the Province of Alberta
Conan J. Taylor
PRINT NAME AND EXPIRY/LAWYER

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COURT FILE NUMBER:

BANKRUPTCY ACTION NO. BK03 115487

COURT OF QUEEN'S BENCH OF ALBERTA

IN BANKRUPTCY

JUDICIAL CENTRE:

EDMONTON

IN THE MATTER OF THE

BANKRUPTCY AND INSOLVENCY ACT,

R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE BANKRUPTCY

OF JOHN KENNETH PURDY, OTHERWISE

KNOWN AS JACK PURDY

DOCUMENT

AFFIDAVIT OF TRUTH OF STATEMENTS

IN APPLICATION FOR BANKRUPTCY

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

DAVID C. YEE

c/o Richard A. Renz, Lawyer

8506 - 104 Street NW

Edmonton, Alberta T6E 4G4 Telephone: 780-436-8421

I, David C. Yee, of the City of Edmonton, in the Province of Alberta, MAKE OATH AND SAY THAT:

- 1. I am the CEO of S&D International Group Inc. ("S&D"), which had business dealings with Mr. Jack Purdy and his company Armac Investments Inc. and is still owed money by them on the sale of shares and land, in the amount of \$1.6 million, and I therefore have personal knowledge of Jack Purdy's financial dealing with me, our company S&D, and with others.
- 2. In October of 2007, I received an offer from Mr. Jack Purdy to purchase the interest of our company S&D in the company that owned Westridge Park Lodge, being 1061702 Alberta Ltd. for the price of \$1.6 million.
- 3. Pursuant to this agreement, I and our lawyer, Sarjan Luthra, attended at the offices of Jack Purdy's lawyer, Norman Simons, and tendered the shares owned by S&D in the company 1061702 Alberta Ltd. on the trust condition that upon use of this transfer of shares, that they were required to pay to us the sum of \$1.6 million. In fact, the transfer of shares were used to transfer the shares owned by S&D to Jack Purdy's company, Armac Investments Inc., but the money was never paid to our lawyer or to our company S&D. Therefore, the sum of \$1.6 million still is owing by Jack Purdy to our company S&D.
- 4. Throughout the transaction, Mr. Jack Purdy assured me that our company S&D would receive our funds on the purchase price, and at one point offered recreational lots in his property at Half Moon Lake Resort. This is proof of the fact that Jack Purdy personally acknowledged that he had to pay the purchase price of \$1.6 million and he was trying to pay this amount through his other company, Half Moon Lake Resort Ltd. However, when I discovered that there were no titles to these "lots" as described by Jack Purdy, I knew that it was a sham and I refused what he offered and insisted that he pay our company S&D the \$1.6 million purchase price as we had agreed upon.
- 5. Jack Purdy then decided that he did not want to pay the debts and creditors of the company which he was buying, being 1061702 Alberta Ltd., and since some of the creditors had liens on the property owned by that company, he asked if S&D could assist him to avoid paying these creditors by getting our company S&D to foreclose on the property using our mortgage lien which was registered as a second charge on the property. I agreed to cooperate with Jack Purdy as he agreed to pay all the costs of the foreclosure, and Jack Purdy promised that our company S&D would get the purchase price money of \$1.6 million as soon as the title was cleared of all liens and the new mortgage money was advanced. A different lawyer was hired, Jordan Crerar, who worked with Jack Purdy's lawyer, Norman Simons, to do the foreclosure and then transfer the title to Jack Purdy's company, Armac Investments Inc. However, after all that was done and the new financing was provided by AxCess Capital Partners Inc., Jack Purdy and his

lawyer only paid the legal fees of the lawyer Jordan Crerar but did not pay the purchase price of \$1.6 million to our lawyer, Sarjan Luthra or to our company S&D.

- 6. When I asked Jack Purdy why he did not pay the purchase price of \$1.6 million, he told me that he did not have to pay me and that it was my lawyer's fault, so that I should go sue my own lawyer. I told Jack Purdy that he bought the shares of S&D in the Westridge company and he also got the Westridge land clear title, and therefore we did everything he asked, so he now had to pay the purchase price, as we had agreed. Jack Purdy laughed and said he was not going to pay anything and that I should sue the Law Society for my money.
- 7. A Statement of Claim was then issued to recover the \$1.6 million from Jack Purdy, his companies, and from all the other parties involved in this transaction on the basis of an unpaid vendor's lien claim and for the fraud of Jack Purdy. All of this happened because Jack Purdy did not pay for the shares in the company that owned Westridge Park Lodge, even though he took the shares, and then took the land, just as we agreed.
- 8. I know of others people who work for Jack Purdy or who have dealt with him and I know that Jack Purdy is not able to pay his bills and liabilities as they become due. I now understand that the Westridge Park Lodge property which Jack Purdy got in our transaction is under foreclosure as Jack Purdy was unable to pay his mortgage payments.
- 9. I make this Affidavit to support the application for a bankruptcy order against Jack Purdy, and to advance my claim against Jack Purdy for the money owed to me as a result of my company S&D business dealings with him.

10. The facts alleged in this Affidavit are within my knowledge true, except where I have otherwise stated.

SWORN (OR AFFIRMED) BEFORE ME At Edmonton, Alberta, this Little day of March, 2011.

COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

__David C. Ye

LETICIA MUTSEKA
COMMISSIONER FOR OATHS
My Commission expires Nov 21, 20, 12

PRINT NAME AND EXPIRY DATE

RQ0033	EDMONTON	0.1	11/12/2011
COURT - COUNTER	PROCEDURE RECORD PRINT		

SASES

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	RTA INC. BISHOP & MCKENZIE	JUSTICE/MASTER	•			•					
TN	VS 385134 ALBERTA INC.	EXPLENATION APPLICATION	•		DECLARATION		JOHN STALENHOEF	ADD DEFENDANT	ADD DEFENDANT		
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CLERK OF THE COURT - COUNTER	EACTION NO: Q8903 04201	ACTIVITY EDESCRIPTION	STATEMENT OF CLAIM ORDER	FIATEMENT OF DEFENCE	CONTERCLAIM	NOTICE TO PRODUCE DOCUMNT	AFFIDAVIT OF DOCUMENTS	NOTICE OF MOTION	ADJOURNED BY CONSENT	CERTIFICATE LIS PENDENS	FILE TRANSFERRED OFF SITE