

ALBERTA SECURITIES COMMISSION

**Citation: Re Lutheran Church-Canada,
the Alberta-British Columbia District, 2018 ABASC 102**

Docket: ENF-010583

Date: 20180627

NOTICE OF HEARING

To: Lutheran Church–Canada, the Alberta-British Columbia District
Lutheran Church–Canada, the Alberta-British Columbia District Investments Ltd.
Donald Robert Schiemann
Kurtis Francis Robinson
James Theodore Kentel
Mark David Ruf
Harold Carl Schmidt
(collectively, the **Respondents**)

Notice: The Alberta Securities Commission (the **Commission**) will convene at **10:30 a.m. on Monday, August 13, 2018 (Set Date)**, at Calgary, Alberta, to set a date for hearing regarding the allegations in this Notice. At the hearing, the Commission will consider whether it is in the public interest to make orders against you under sections 198, 199, and 202 of the *Securities Act*, RSA 2000, c S-4, as amended (*Act*).

Location: Alberta Securities Commission, 5th Floor, 250 – 5 Street SW, Calgary, Alberta.

Procedure:

1. You may obtain disclosure and particulars of the allegations in this Notice from Janet McCready, c/o Alberta Securities Commission, 600, 250 - 5 Street SW, Calgary, Alberta, T2P 0R4, telephone: 403.297.8049, email: janet.mccready@asc.ca.
2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence.
3. If you or your counsel fail to attend at the Set Date, or as directed, the hearing may proceed in your absence and an order may be made against you without further notice.

See attached sections 29, 198, 199, and 202 of the Act, and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.

Reciprocation: Take notice that orders or settlements made by the Commission may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to you. If an order is made or a settlement agreement is reached in relation to this Notice, you should contact the securities regulator of any other jurisdiction in which you may intend to engage in any securities-related activities.

Overview

1. Staff of the Commission allege that the Respondents breached Alberta securities laws in connection with a long-term, large-scale investment program. The program generally was designed to provide a means for church members to invest and earn interest on funds by pooling and loaning them to Lutheran churches and schools for capital improvement projects. However, while representing the investments to be safe, diversified, and “guaranteed”, the Respondents placed the overwhelming majority of the invested funds into a high-risk, loan-defaulting, speculative land development project without appropriate disclosure to investors. The program and the corporate Respondents collapsed financially in early 2015, with court protection under the *Companies’ Creditors Arrangement Act (CCAA)* being sought and granted.
2. Staff allege that the long pattern of positive representations, without including necessary risk-related disclosures, amounted to misleading statements. The Respondents knew or ought to have known that the information withheld from investors was material, and meant that the statements which had been made were misleading. The Respondents knew or ought to have known that the price or value of the securities in issue was dramatically affected by the non-disclosures.
3. Investors in the program have lost many millions of dollars as a result of its collapse, with the exact value not yet determined. In recognition of investors’ losses and in order not to deplete assets that may be available in ongoing CCAA proceedings, Staff will seek no monetary administrative penalties against the corporate Respondents.

Allegations

Respondents

4. Lutheran Church–Canada, the Alberta-British Columbia District (the **District**) is a corporation originally formed on or about March 24, 1944, pursuant to the laws of Alberta. The District is a registered charity and at all material times operated out of Edmonton, Alberta.
5. Lutheran Church–Canada, the Alberta-British Columbia District Investments Ltd. (**DIL**) is a not-for-profit company formed by the District on or about December 2, 1996, pursuant to the laws of Alberta.
6. Donald Robert Schiemann (**Schiemann**) is an individual who was at all material times a resident of Alberta. From 2000 to 2015, Schiemann was an officer and a director of the District and DIL, as defined by the *Act*.
7. Kurtis Francis Robinson (**Robinson**) is an individual who was at all material times a resident of Alberta. From 2007 to 2015, Robinson was an officer of the District and DIL, as defined by the *Act*.
8. James Theodore Kentel (**Kentel**) is an individual who was at all material times a resident of British Columbia. From 1997 to 2000, and from 2003 to 2015, he was a director of the District and DIL, as defined by the *Act*. From 2009 to 2015, he was the Chair of the District’s board of directors and as such was an officer of the District as defined by the *Act*.
9. Mark David Ruf (**Ruf**) is an individual who was at all material times a resident of Alberta. From 2006 to 2015, he was an officer and director of the District and DIL, as defined by the *Act*.

10. Harold Carl Schmidt (**Schmidt**) is an individual who was at all material times a resident of Alberta. From 2001 to 2015, he was a director of the District and DIL, as defined by the *Act*.

History and Background

Church Extension Fund

11. For decades leading up to January 2015, the District operated the Church Extension Fund (**CEF**). The CEF was an unregistered trade name and ministry designed to facilitate the investment of funds by individual investors and congregations into faith-based developments such as churches and schools in Alberta and British Columbia. At all times this was promoted as an investment opportunity, distinct from any donations made by church members.

12. The District operated the CEF by soliciting and obtaining funds from investors, principally District members. The investments took the form of savings/investment accounts, term deposits, and bonds. The invested funds were pooled and generally loaned to individual church congregations and affiliated entities. Some of the funds were held in cash and marketable securities. Investors were promised set rates of interest on the invested funds. The investments generally had flexible terms that allowed investors to withdraw their funds upon request.

13. The CEF was operated continuously from its inception until approximately January 2015. As of November 30, 2014, over \$95 million was invested by over 2,600 investors in the CEF.

District Investments Ltd.

14. The District created DIL in or about 1996 to offer investors similar investment opportunities as were available through the general CEF program, but with the added benefit of providing tax efficiencies through Registered Retirement Savings Plan, Registered Retirement Investment Fund, and Tax Free Savings Account accounts.

15. Under trust agreements with investors, funds invested in DIL were pooled and loaned to individual church congregations and affiliated entities. Security in the form of mortgages was generally taken by DIL over assets of the borrowing church congregations. Some of the funds received from investors were held in cash and marketable securities. As with the general CEF program, investors were promised set rates of interest on invested funds.

16. Although legally distinct from the District, DIL was operated in effect as a division of the District. Further, on some occasions District management, the board of directors and staff used the expressions “Church Extension Fund” and “CEF” to include DIL.

17. DIL was operated continuously from its inception until approximately January 2015. As of November 30, 2014, over \$37 million was invested by over 900 investors in DIL.

Investments Constituted Trades in Securities

18. Investments in the District’s CEF program and investments in DIL constituted securities as defined in the *Act* (the **District and DIL Securities**).

Respondents' Actions

Promotional Practices and Statements

19. For decades leading up to January 2015, investment in the CEF and DIL was regularly promoted through announcements and bulletins at churches within the District, at District conventions, in advertisements in District publications, and in various other congregation publications (the **Promotional Practices**).

20. As an element of the Promotional Practices, the District and DIL engaged representatives from congregations to market the investments to members of their respective congregations. The representatives were provided with copies of a Church Extension Manual by the District and were trained to be information resources and contact persons for investors. This manual identified that “the primary goal of Church Extension is to provide loans with reasonable interest rates to congregations that need property/buildings in order to carry out the ministry of reaching souls for Christ”. This was relayed by the representatives to prospective investors.

21. The Church Extension Manual also promoted investments in the CEF and DIL as “guaranteed”, and included descriptions of the loan eligibility requirements, criteria, and conditions under which investors’ funds were to be loaned. These conditions included, among other things, obtaining “security documentation appropriate to the size and conditions of the loan”. As part of the Promotional Practices, representatives referred to these requirements, criteria, and conditions.

22. The Promotional Practices also included, but were not limited to, the following statements (the **General Statements**):

- 22.1 Church Extension has been operating for over 80 years and no one has ever lost a penny in Church Extension.
- 22.2 Your investment in Church Extension is guaranteed by ABC District of Lutheran Church Canada which has in excess of 30 million dollars of assets.
- 22.3 The guarantee of the Church is much more certain than the guarantee of a government whose indebtedness is among the 30 Countries in the world with the highest debt ratio per capita.
- 22.4 Church Extension investments are used to provide loans to congregations. No congregation has ever defaulted on its loan. If a congregation is struggling to make its payments, the ABC District works with it to ensure that the loan is paid off.
- 22.5 Is my investment safe? Your investment in Church extension is probably safer than in any commercial financial institution. Church Extension has been in operation since 1921 and no one has ever lost a penny. Your investment is guaranteed by the Church.
- 22.6 CEF interest rates have remained consistently higher than the “Big Five” commercial banks (BMO, CIBC, Bank of Nova Scotia, TD Canada Trust and Royal Bank) over the past year.

- 22.7 We would like you to know that CEF continues to maintain a strong capital position to support growth and operations to protect our investors against losses.
- 22.8 Our position of liquidity is healthy, with an investment portfolio of \$20 million very marketable securities and an additional \$80 million plus invested throughout the District with congregations in the form of loans for land and buildings. ... In fact, with our loan portfolio - made up of loans to congregations and other ministries - we are experiencing normal repayment histories.
- 22.9 No investor has ever lost any portion of account principal or interest in the history of ABC District Church Extension - over 88 years.
- 22.10 With more than 130 million in assets today, CEF is presently assisting more than 50 congregations throughout Alberta & British Columbia with loans to help.

23. In addition, in or about early 2013, Schmidt made a statement to individual investors that the CEF was an excellent investment and a safe place to invest funds (the **Individual Statement**). Relying on the Individual Statement and knowing that he was a member of the District Board of Directors, these investors invested \$300,000 into the CEF in February, 2013.

Effect of the Promotional Practices

24. The Promotional Practices, General Statements and Individual Statement resulted in the sale of many millions of dollars' worth of District and DIL Securities. Promotion and sales of District and DIL Securities continued until approximately mid-2014, with the amounts invested constantly fluctuating as investors deposited and withdrew funds. More particularly:

- 24.1 The total outstanding balance of securities issued to investors by the District was valued at approximately \$27 million in 2000, \$74 million in 2006, \$96 million in 2010, \$108 million in 2012, and \$95 million in early 2015; and
- 24.2 The total outstanding balance of securities issued to investors by DIL was valued at approximately \$2.7 million in 2000, \$17 million 2006, \$28 million in 2010, \$34 million in 2012, and \$37 million in early 2015.

Exposing Investor Funds to Increased Risk

25. In or about the early to mid-1990s, the District and DIL began loaning investor funds in support of the Prince of Peace Lutheran "community" development. This development began with a church and school east of Calgary, Alberta (the **Prince of Peace Church and School**), with plans to add substantial seniors' housing projects for independent living and assisted living, and, eventually, dementia care (the **Prince of Peace Development**).

26. Over the next several years, the District and DIL placed increasing amounts of investors' funds into the Prince of Peace Development, such that by late 2014 approximately 90% of investors' funds in the CEF, and approximately 75% of investors' funds in both the CEF and DIL combined, were invested in this project.

27. The increasing concentration of investors' funds into the Prince of Peace Development included the following steps:

- 27.1 In 1997, the District authorized its treasurer to obtain a \$6.5 million bank loan for construction of the Prince of Peace Village (**Village**), a 174 unit independent living seniors' facility within the Prince of Peace Development.
- 27.2 In 2001, despite receiving a marketing report recommending delaying construction, the District began construction of the Prince of Peace Manor (**Manor**), a 132-unit senior assisted-living residence within the Prince of Peace Development.
- 27.3 In 2001, the District authorized its treasurer to apply for a \$14.5 million bank mortgage to support the operational budget of the Prince of Peace Development.
- 27.4 In 2002, the District authorized a loan of up to \$15 million for construction of the Prince of Peace Development by way of a loan from the Bank of Montreal, a loan from the CEF, or a combination of the two.
- 27.5 In 2004, the District assumed responsibility for the Village and Manor, relieving the Prince of Peace Lutheran Church congregation from responsibility in order to focus its ministry on the Prince of Peace Church and School.
- 27.6 In 2004, the District approved a loan of up to \$900,000 for the Prince of Peace Church and School to address operational shortfalls.
- 27.7 In 2005 and early 2006, under the guidance of the District, Encharis Community Housing and Services (ECHS) and Encharis Management and Support Service (EMSS) were incorporated to own and manage the Village and Manor, as well as an additional District-supported seniors' housing project known as the Shepherd's Village located in Valleyview, Alberta. ECHS and EMSS (collectively, **Encharis**) and the District-appointed representatives to ECHS and EMSS were accountable to the District.
- 27.8 In 2005, the District approved a \$45 million line-of-credit for Encharis.
- 27.9 In 2005, the District used nearly \$1.5 million to purchase approximately 101 acres of real property on the south border of the town of Chestermere for unspecified future land development or alternatively for future sale. These lands, together with the lands and other assets associated with the Village and Manor, were transferred to ECHS in 2006 in return for the assumption by ECHS of life-leases and other contractual debt, plus a \$38 million vendor take-back mortgage.
- 27.10 In 2007, the District approved a \$5.85 million loan to Encharis to purchase land in Strathmore. In or about 2008, the District foreclosed on this property and transferred it in whole or part to DIL. The land in Strathmore continued to be held by the District and/or DIL into at least 2015 for rental revenue and speculative land sale purposes.

- 27.11 In the year prior to January 31, 2009, the District advanced approximately \$13.9 million in new funds to Encharis, including funds to be used towards constructing a proposed senior's dementia-care unit known as the Prince of Peace Harbour (**Harbour**).
 - 27.12 In 2009, the District agreed to guarantee an \$8.5 million loan taken out by Encharis from the Bank of Montreal, which funds were then used by Encharis to pay the District for delinquent loans.
 - 27.13 In the year prior to January 31, 2010, the District advanced approximately \$13.4 million in new funds to Encharis.
 - 27.14 In 2011, the District authorized moving "the appropriate funds" from the District and DIL to Encharis to pay out the 2009 loan from the Bank of Montreal.
 - 27.15 By January 2012, mortgage loans in favour of Encharis amounted to nearly \$70 million and represented over 95% of the total mortgage loans payable to the District.
 - 27.16 In 2012, the District authorized lending Encharis a further \$7.2 million to complete water servicing of raw land owned by Encharis near the Prince of Peace Development.
 - 27.17 In 2012, 2013, and 2014, the District continued to explore, and cause Encharis to explore, land development as a means to obtain funds necessary to repay the District.
28. From 1997 to 2015, the District became increasingly involved in the management and operation of the Prince of Peace Development and Encharis in particular. Specifics of such involvement include:
- 28.1 Members of the District board of directors determined that the seniors' ministry elements of the Prince of Peace Development should be separated from the Prince of Peace Church and School.
 - 28.2 Members of the District board of directors arranged for the creation of Encharis to manage and operate the seniors' ministry, but then also acted in management, officer or director roles for Encharis. In particular, each of Schiemann, Robinson, Kentel and Ruf were managers, officers or directors for Encharis during some or all of the time that they were officers or directors, or both, of the District and DIL.
 - 28.3 Management staff from the District, including Robinson, were transferred or seconded to Encharis.
 - 28.4 Key decisions about Encharis were effectively made or imposed by the District's management and board of directors.
29. As a result of such involvement, the District increasingly acted in a serious conflict of interest with respect to the Prince of Peace Development and Encharis, lacking objectivity and independence with respect to financial decisions and compounding the risk to investors.

30. On January 23, 2015, the District and DIL, along with ECHS and EMSS, obtained an initial order from the Court of Queen's Bench of Alberta under the CCAA on the basis that these entities were insolvent and sought protection against bankruptcy and other proceedings.

Roles and Responsibility of the Individual Respondents

31. While engaged as an officer or director, or both, of the District and DIL, each of Schiemann, Robinson, Kentel, Ruf and Schmidt was aware of the District and DIL's operations described above, directed or supported them, and oversaw their operation in conjunction with other members of the District's management and board of directors.

32. Further, while engaged as an officer or director, or both, of the District and DIL, each of Schiemann, Robinson, Kentel, Ruf and Schmidt authorized, permitted, or acquiesced in the actions described herein.

33. Further, notwithstanding his position as a director of the District and DIL and the knowledge he held in that capacity, Schmidt personally made the Individual Statement.

The Respondents' Knowledge and Awareness of Risks

34. In or about 1997, the Lutheran Church Synod asked the District to ensure compliance with securities laws.

35. In or about 1998, the auditor for the District and DIL raised significant concerns to management and the board of directors of the District about the accounting and governance practices followed by the District, and the significant volume and complexity of its financial activities. The auditor's recommendations included ensuring that senior member(s) of the board be assigned to review the detailed financial activities of the District and how management accounts for such activities.

36. In 2004, the District's management and board of directors were made aware that the Prince of Peace Development was losing money every month. Significant financial concerns were highlighted, including insufficient occupancy and monthly operating and financing losses. Additional funds from the District were requested for operational expenses, with deficits projected to continue. An independent reviewer expressly cautioned that the Prince of Peace Development might never be able to repay a significant amount of debt to the District, and recommended a full financial review of the Prince of Peace Development.

37. In or about 2005, the District's management and board of directors expressly considered whether to disclose to investors information about the "sizeable investment" in the Prince of Peace Development. No such disclosure was made.

38. In 2008:

38.1 Staff of the District were made aware that Encharis was still not able to pay contractually-required principal repayments of \$2 million for each of 2007, 2008, and 2009.

38.2 The Executive Director of Encharis provided a written report to the District's management and board of directors, including all of the individual Respondents, highlighting dire financial circumstances and estimated the District would lose over \$10 million if the District "abandoned ship" with respect to Encharis loans at that time.

38.3 The Respondents knew or ought to have known that:

38.3.1 over 80% of District loans were in favour of Encharis;

38.3.2 Encharis was in default respecting principal payments to the District;

38.3.3 ECHS—the property-holding arm of Encharis—had no financial statements;

38.3.4 Encharis was not properly reporting to the District or following the District's guidelines; and

38.3.5 the Encharis assets were not sufficient to pay its liabilities.

38.4 The District retained PricewaterhouseCoopers Inc. to conduct a business review of Encharis in order to assist the District in deciding whether to extend additional funding to Encharis. Citing a lack of information and cooperation from Encharis, as well as weak internal controls and a weak accounting function, PricewaterhouseCoopers Inc. urged caution in dealing with Encharis, including possibly withholding the advancement of future funds until the District has been provided with necessary financial and operational information to make informed decisions.

39. As of 2009, the Respondents had been advised by Encharis management that the only path for potential repayment of the District and DIL investor funds loaned to Encharis was the development of raw land located next to and nearby the Prince of Peace Development.

40. Between spring 2008 and September 2012, the Respondents continued to be aware that Encharis was not making progress in paying down its indebtedness to the District, that the indebtedness continued to grow, and that Encharis was unlikely to earn enough operational income to pay even the interest on the indebtedness in the foreseeable future.

41. From approximately mid-2010 through 2015, Robinson was "seconded" by the District to act as an advisor to Encharis. In this role, he was expected to provide leadership to the Encharis "Workout Committee", while continuing to act as both President of DIL and as Executive Assistant, Stewardship & Financial Ministry Services for the District. In his roles with Encharis, the District and DIL, Robinson was privy to in-depth financial information regarding each of these organizations. Robinson shared relevant knowledge respecting the financial condition of Encharis with the other individual Respondents.

42. In 2010:

- 42.1 The Respondents adopted an Investment Policy Statement with the stated intention of providing a stable income base without exposing the CEF to an inappropriate level of investment risk. The Investment Policy Statement identified diversification of assets as the most important criteria to reduce the level of risk.
- 42.2 The District's auditor identified that the fair market value provided for key properties ostensibly securing District loans to Encharis were either out of date or based on estimates, and that new valuations would be required for the 2011 audit. Thereafter, management and the board of directors of the District chose to retain a new auditor for the following year.
- 42.3 The Respondents received the District audit committee's recommendation that the District board of directors obtain financial statements, an asset listing, and an appraisal on Encharis by October 31, 2010, along with a clear outline of the risk exposure to the District.

43. In 2011:

- 43.1 Encharis management reiterated to the Respondents that reduction of the Encharis indebtedness to the District must come primarily from further land development or sale of land.
- 43.2 The District's new auditor expressed concern to management of the District regarding the ability of Encharis to repay its indebtedness to the District, and that the value of Encharis assets was or may be substantially less than the value of Encharis' outstanding indebtedness to the District.
- 43.3 Prior to advancing approximately \$8 million to Encharis to pay out its 2009 loan from the Bank of Montreal, the Respondents were aware that the Bank of Montreal likely held Encharis to stricter guidelines and covenants than did, or would, the District.

44. In 2012:

- 44.1 The Executive Director of Encharis advised the Encharis board of directors, which included Schiemann, Kentel, and Ruf, as well as Robinson in his seconded/advisory role, that the existing Encharis operation could not generate enough profit to pay the District interest payments, and that timely development or the sale of property was imperative.
- 44.2 The District's auditor expressed concern to the Respondents that the assets of ECHS were insufficient to support the amounts borrowed from the District and DIL, and that an impairment write-down of over \$24 million and a "going concern disclosure" appeared necessary in respect of the District's financial statements. The Respondents contested the auditor's impairment view, notwithstanding recognition that key ECHS land was "not worth a lot" without development.

45. In 2013, the District's management and board of directors considered a third-party development proposal in respect of the Prince of Peace Development, including an opinion that liquidation at the time would result in a \$20 million loss. By the end of 2013, the District's management and board of directors still had not approved financial statements for the fiscal year ending January 31, 2013.

46. In or about July 2014, the District's management and board of directors were advised by financial consultants that the District and DIL were "insolvent".

The Respondents' Failures to Disclose

47. From the early 2000s until January 2015, the Respondents failed to disclose a significant number of facts to existing and prospective purchasers of the District and DIL Securities (the **Undisclosed Facts**). The Undisclosed Facts include, but are not limited to, the following:

- 47.1 Investors' funds were increasingly concentrated in loans made for the Prince of Peace Development and to Encharis, until by 2014 approximately 90% of investors' funds in the CEF, and approximately 75% of investors' funds in both the CEF and DIL combined, were loaned to Encharis and the Prince of Peace Development.
- 47.2 Adequate or reasonable security had not been obtained respecting the majority of funds loaned by the District.
- 47.3 The District did not take reasonable or adequate steps to ensure that assets meant to secure Encharis' indebtedness to the District were of sufficient value to provide such security. Further, when appraisal information was provided to the District, it suggested a significant deficiency in security for Encharis indebtedness.
- 47.4 The Prince of Peace Development and Encharis were consistently and materially in default on their interest and principal obligations to the District and DIL.
- 47.5 Notwithstanding the amounts ECHS owed to the District and DIL, the District and DIL did not obtain audited or reviewed financial statements from ECHS until late 2014.
- 47.6 The only realistic prospect for the District to recover the full amount owing from Encharis was through real estate development of lands within or near the Prince of Peace Development, or through the sale of such lands.
- 47.7 The District's management and board of directors had repeatedly been cautioned not to provide additional funding to Encharis without improved repayment security.
- 47.8 The District's management and board of directors frequently did not adhere to internal District policies or guidelines on advancing funds, setting interest rates, or addressing delinquent loans. After 2010, the District's management and board of directors did not adhere to the written CEF Investment Policy Statement.
- 47.9 The District loaned approximately \$8 million to Encharis in 2011 to enable Encharis to pay off a bank loan in circumstances where Encharis was consistently remaining in default of its obligations on previous District loans.

- 47.10 The District's management and board of directors approved a \$7.2 million loan to Encharis in 2012 for the construction of a water pipeline, and advanced at least some of these funds in circumstances where Encharis was consistently remaining in default of its obligations on previous District loans.
- 47.11 There was substantial overlap in management, ownership and other relationships between the District and DIL, on the one hand, and Encharis on the other hand, that resulted in a stark lender-borrower conflict of interest situation.
- 47.12 Inadequate or no steps were taken by the District and DIL to ensure that loans to Encharis and other funds advanced for the Prince of Peace Development were adequately secured and were reasonably proportionate to the fair market value of the assets for which the loans were provided.

48. The Undisclosed Facts were material, and the Respondents knew or reasonably ought to have known they were required to be stated in order to make the General Statements not misleading.

49. Further, at the time of making the Individual Statement, Schmidt failed to disclose some or all of the Undisclosed Facts. In the circumstances, he knew or reasonably ought to have known that the Undisclosed Facts were required to be stated in order to make the Individual Statement not misleading.

Harm to Investors

50. On January 23, 2015, the Alberta Court of Queen's Bench made an order under the CCAA granting a stay of proceedings against the District, DIL, and others, and appointing Deloitte LLP as the Monitor (the **CCAA Proceedings**). The CCAA Proceedings were initiated as a result of the insolvency of the District and DIL.

51. As of January 23, 2015, CEF had a total of 2,674 investors—1,694 from Alberta and 980 from British Columbia—with a total amount (principal and interest) owing to investors of approximately \$96.7 million. Approximately 60% of these investors were over 70 years old.

52. As of January 23, 2015, when the CCAA Proceedings were initiated in court, DIL had 914 investors—660 from Alberta and 254 from British Columbia—with a total amount (principal and interest) owing to investors of approximately \$37.1 million.

53. As at the date of this Notice of Hearing, and based on the reports of the Monitor in the CCAA Proceedings, the CCAA restructuring process appears to have provided CEF investors with total cash disbursements of less than \$20 million, plus restricted securities in a new corporate entity known as Sage Properties Corp. The value of the securities in Sage Properties Corp. remains uncertain and is disputed by some affected parties.

54. As at the date of this Notice of Hearing, and based on the reports of the Monitor in the CCAA Proceedings, the CCAA restructuring process has provided DIL investors with total cash disbursements of approximately \$30.7 million, with no further disbursements anticipated.

