

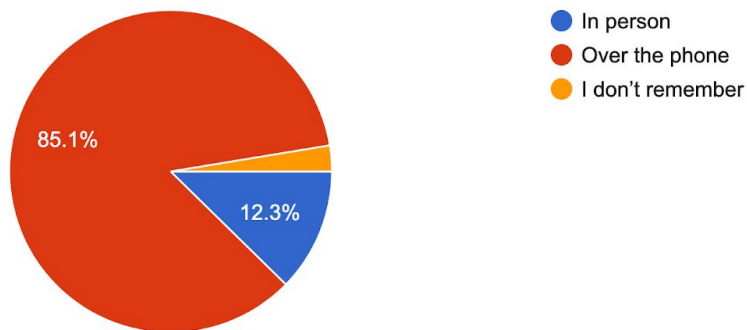
VOSMI Survey

Independent Legal Advice "ILA" for Fortress Syndicated Mortgages

AUG 19, 2019

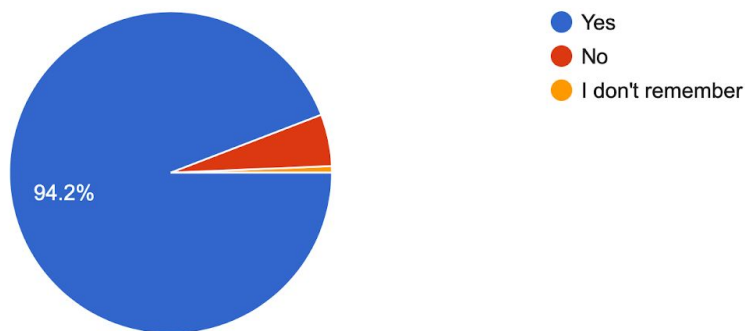
1. How did your conversation with the independent lawyer take place?

154 responses



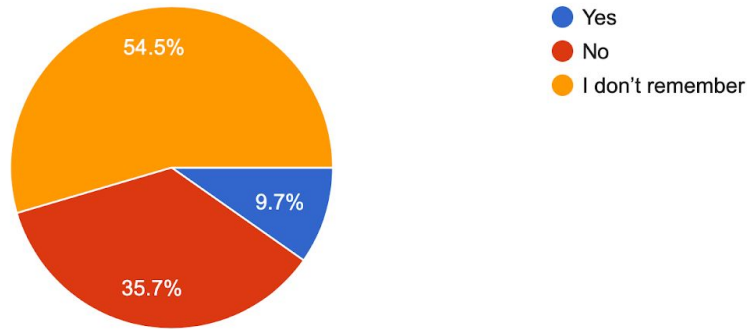
2. Did your mortgage broker/referral agent arrange the telephone call with the lawyer?

154 responses



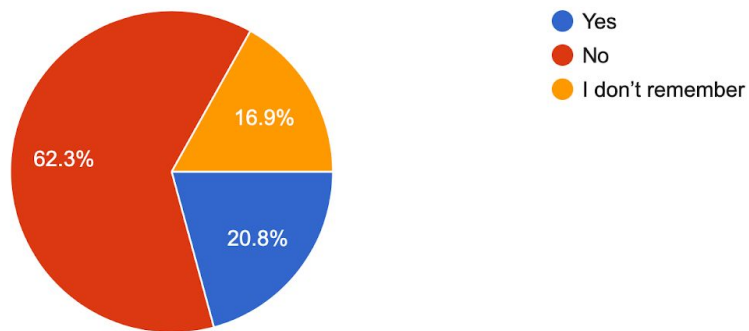
3. If the advice took place over the phone, was the lawyer speaking on a cell phone, while driving in his car?

154 responses



4. Did the lawyer disclose that his legal fees were being paid for by Fortress?

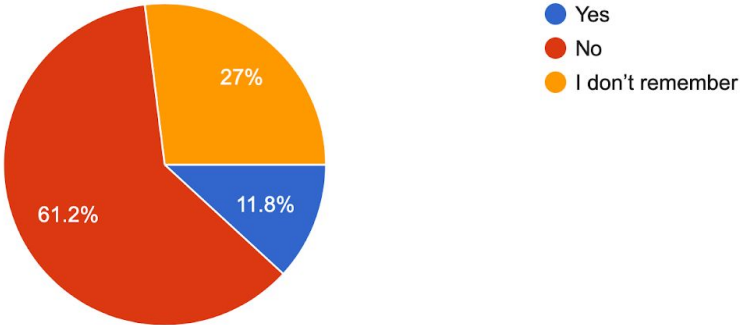
154 responses



5. a) The following is an explanation of ILA as per the Law Society of Ontario. Did the lawyer explain ILA similarly to the terms below?

152 responses

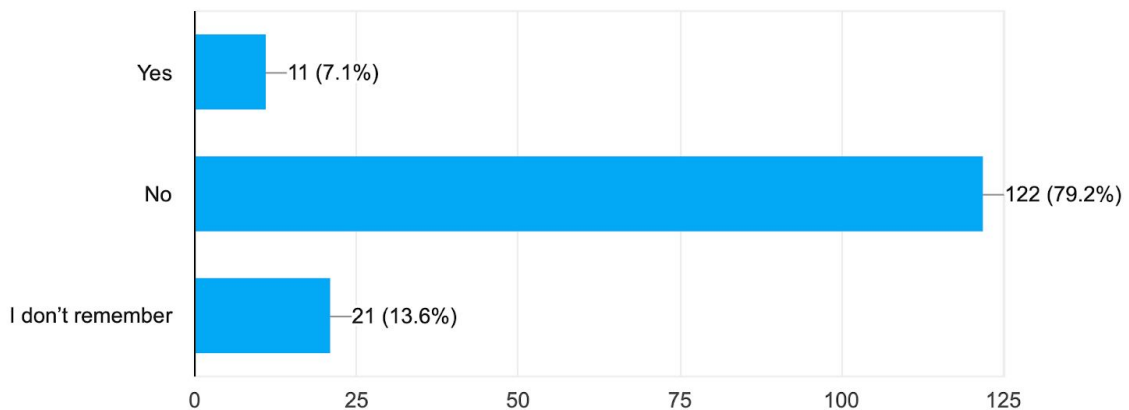
In general terms, independent legal advice is provided by an outside lawyer or paralegal who is unrelated to the client's matter, associated parties, or the lawyer or paralegal, and who does not have a conflicting interest. The role of this outside lawyer or paralegal is to provide legal advice that is objective and unbiased regarding a decision the individual is facing. The outside lawyer or paralegal is only retained for the limited purpose of providing independent legal advice so that the individual appreciates the nature and consequences of the decision to be made. Under the lawyers' *Rules* and the *Paralegal Rules*, the decision usually relates to whether the individual should retain a lawyer or paralegal in a matter where there is a conflict of interest, or continue with a retainer where a conflict of interest has arisen.



5. b) Did the lawyer tell you that you might want independent legal representation to protect your interest, & explain what that meant, instead of getting ILA from him? (I.e. hire your own lawyer). The following is an explanation of ILR as per the Law Society of Ontario:

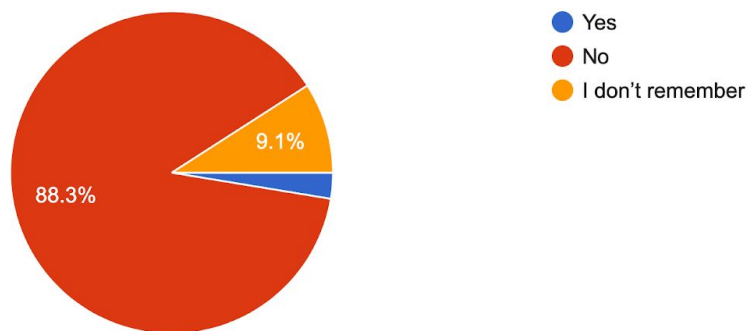
154 responses

Independent legal representation is a retainer in which a lawyer or paralegal has no conflict of interest with respect to the matter and acts as the legal representative in the matter. Independent legal representation is required for a lawyer's client in certain transactions between the lawyer and that client. In these cases, a lawyer cannot enter into the transaction with the client unless the client has an outside independent lawyer acting as that client's legal representative in the transaction.



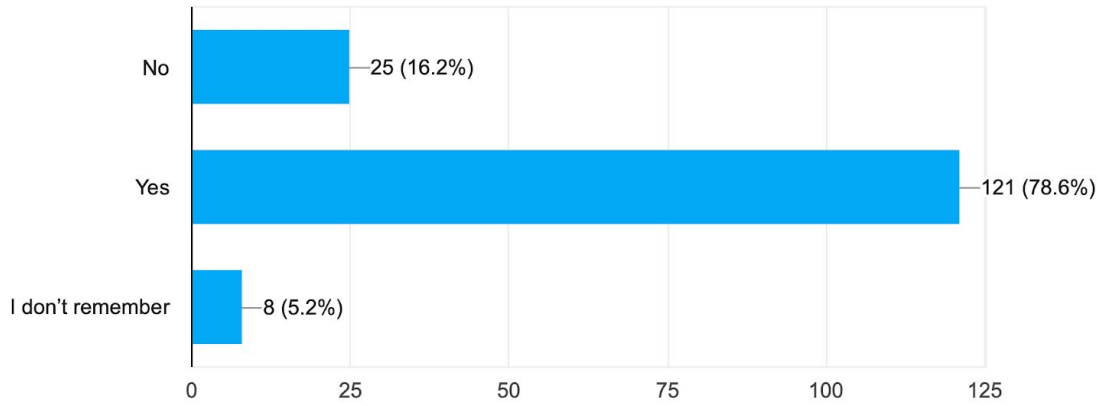
5. c) Did the lawyer tell you that since he was chosen by Fortress and paid by Fortress, that he may not "independent"?

154 responses



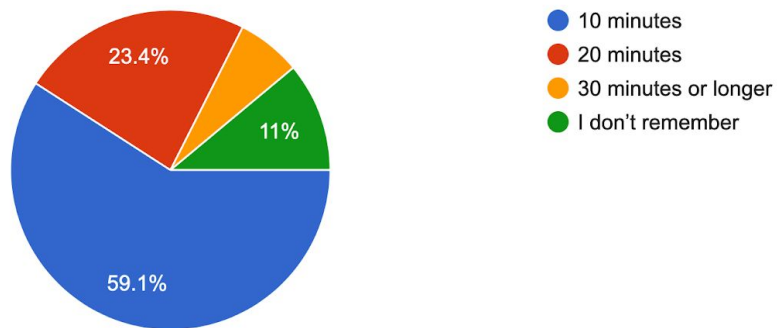
6. Was your mortgage broker and or referral agent (who sold you the investment) present in the room with you, and able to listen to you speaking with the lawyer?

154 responses



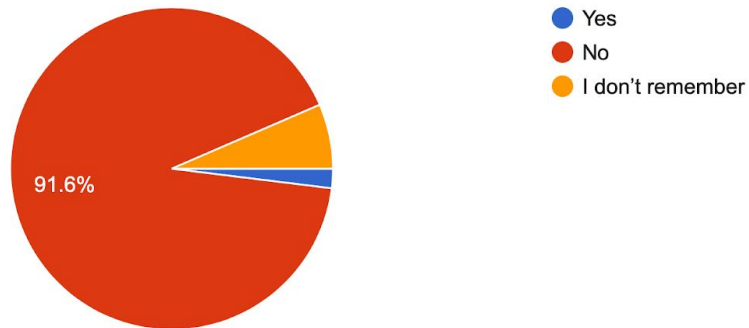
7. Do you recall how long your conversation with the lawyer lasted?

154 responses



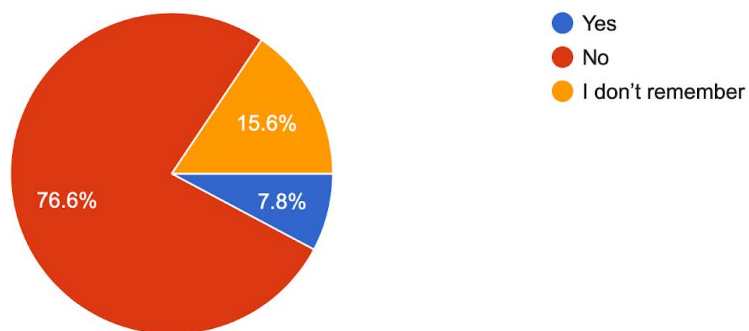
8. Did the lawyer ask about your financial position so he would know about your ability to lose some or all of your money?

154 responses



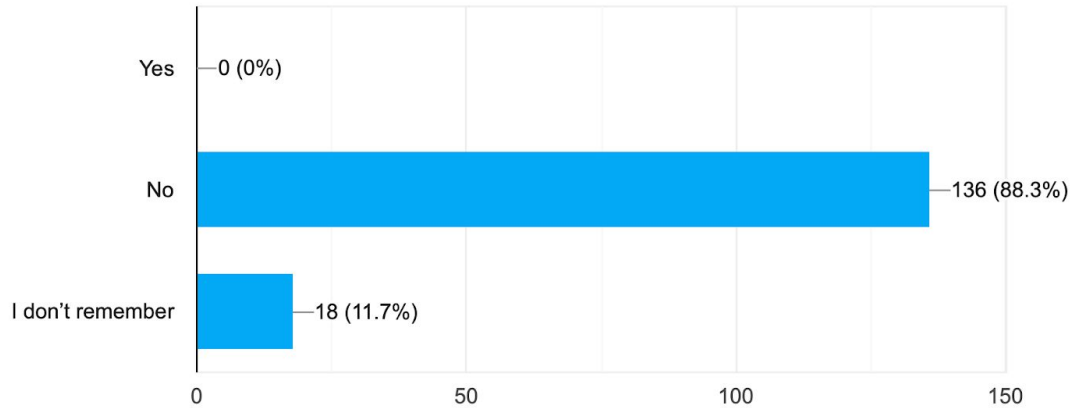
9. Did the lawyer explain that a syndicated mortgage was high risk, and that you risked losing a part, and even all of your investment?

154 responses



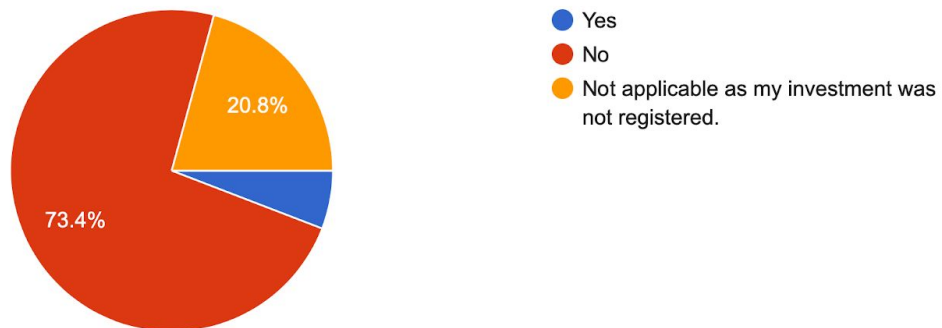
10.a) Did the lawyer tell you that if you loaned more than 100% of current "as is" value, that the mortgage was not RRSP, RIF, LIRA, TFSA etc. eligible?

154 responses



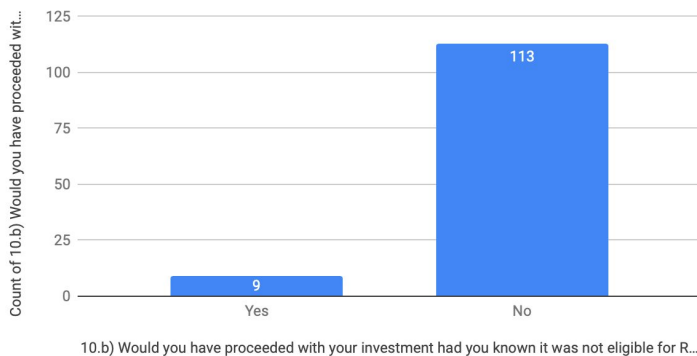
10.b) Would you have proceeded with your investment had you known it was not eligible for RRSP, RIF, LIRA, TFSA etc?

154 responses



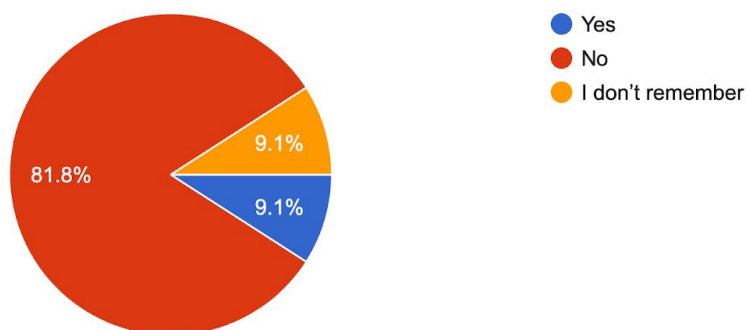
Note: Of those who responded to question 10b), 122 had registered funds. **92.6%** would not have proceeded with their investment had they known their investment was not eligible for RRSP, RIF, TFSA etc. See chart below:

10.b) Would you have proceeded with your investment had you known it was not eligible for RRSP, RIF, LIRA, TFSA etc?



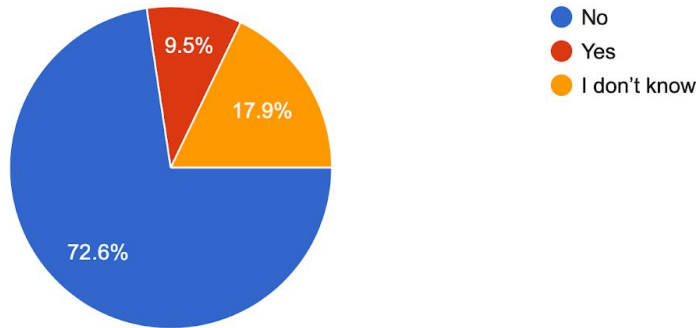
11. a) Did the lawyer explain to you that your position in rank as a lender could be moved? (eg. From 2nd position, to 3rd, 4th etc) This is called postponement of mortgage.

154 responses



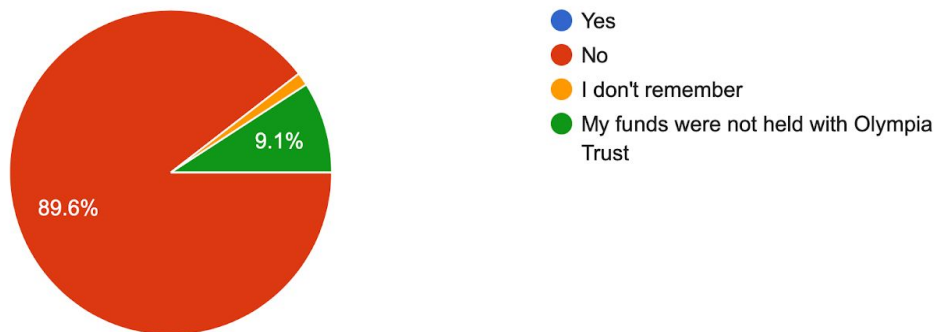
11. b) If you answered yes to the above question, did you understand the impact of postponing your mortgage? (ie that you could be one of the last to be paid, & should the project fail you may not receive any money)

84 responses



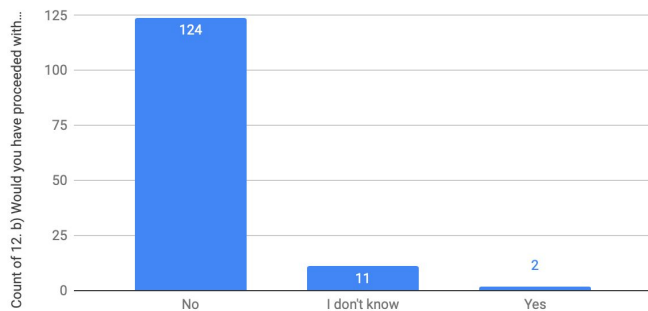
12. a) Did the lawyer tell you that Olympia Trust was not licensed to do business in Ontario?

154 responses



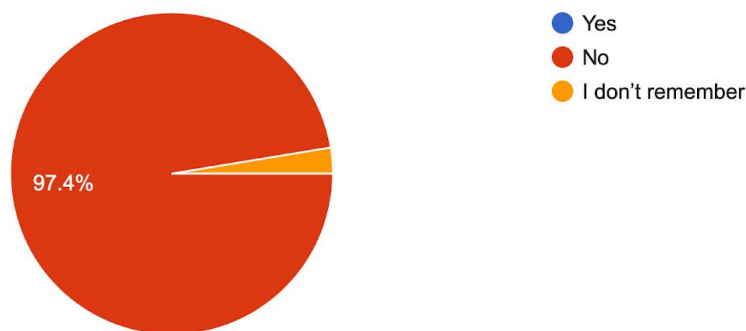
Note: Of those who had investments with Olympia Trust, **90.5%** would not have invested had they known Olympia Trust was not licensed to do business in Ontario. See chart below.

12. b) Would you have proceeded with your investment had you known that Olympia Trust was not licensed to operate in Ontario?



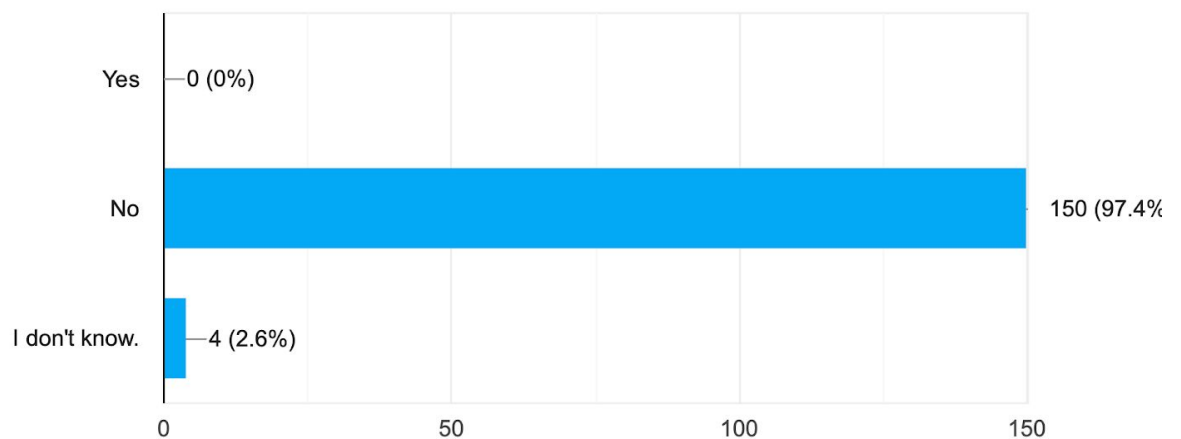
13. a) Did the lawyer advise you that the 35% of your investment would be allocated to fees & commissions and that your interest payments would be deducted from your principal (your investment)

154 responses



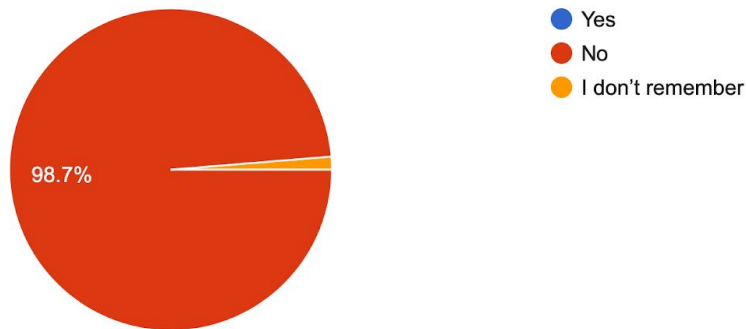
13. b) Would you have proceeded with your investment had you been advised by the lawyer that 35% of your investment & interest would be deducted from your principal? (leaving only 49% allocated to the developer for the project)

154 responses



14. Did the lawyer tell you that \$5,000 of your money was going to be given as a 'charitable donation' and that you would not receive credit for doing this?

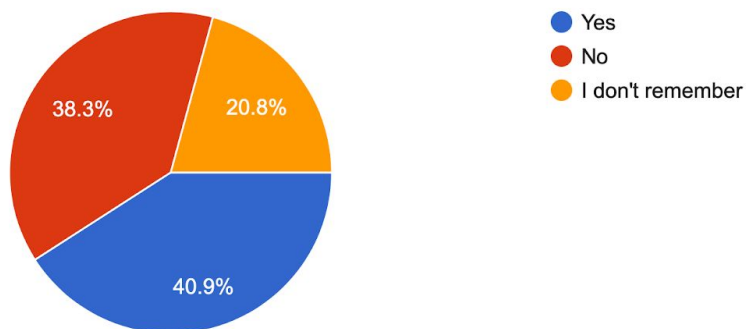
154 responses



Note: The \$5000 was per project. If Fortress developed 40+ project their donations to charity would total \$200,000. Fortress & their principals were regarded as "Philanthropists" for these charity donations however the investors did not receive any recognition.

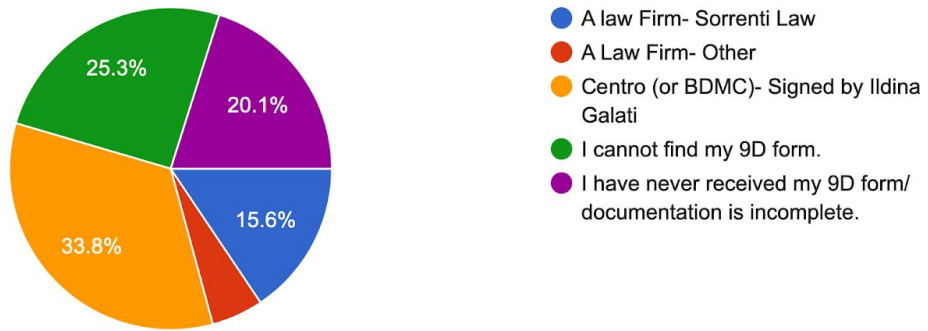
15. Did the lawyer tell you that the maturity date of your mortgage could be extended?

154 responses



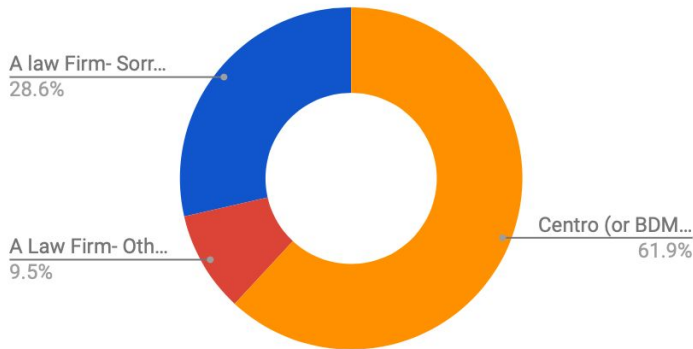
16. Take a look at your investment documents. Who prepared your 9D form? (refer to 1st page of the "Investment Authority" 9D form and or last page of document)

154 responses



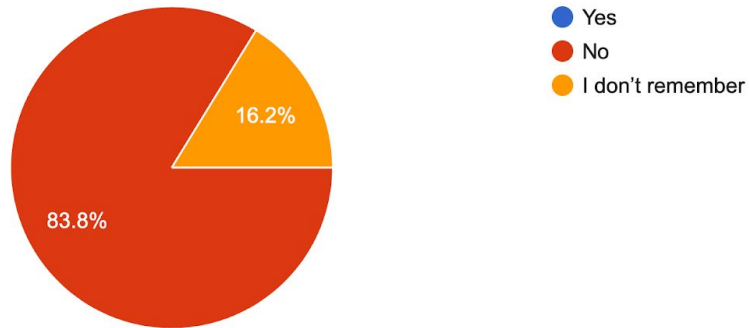
Note: Of those respondents who were able to locate the 9D form, **62%** indicated their form was prepared and signed by Ildina Galati, BCMC (Centro).

6. Take a look at your investment documents. Who prepared your 9D form? (refer to 1st page of the "Investment Authority"...



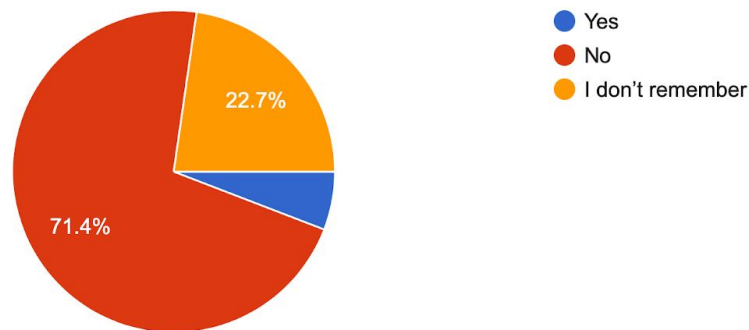
17. Did the lawyer tell you that the Law Society of Ontario (LSO) Form 9D upon which he was giving ILA was not issued by a lawyer as is required by the LSO?

154 responses



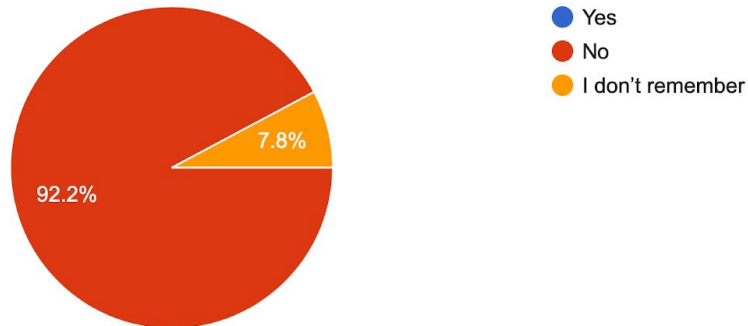
18. Did the lawyer ask you if you had invested in mortgages before? (not to be confused with buying a house, but rather investing)

154 responses



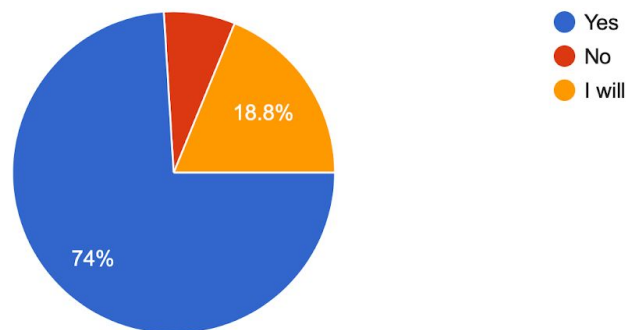
19. Did the lawyer tell you that the interest rate of 8% was below market rates of 20-30% and, at those rates investors do not postpone their mortgages to construction mortgages? (i.e. investors cannot be moved rank in mortgage position)

154 responses



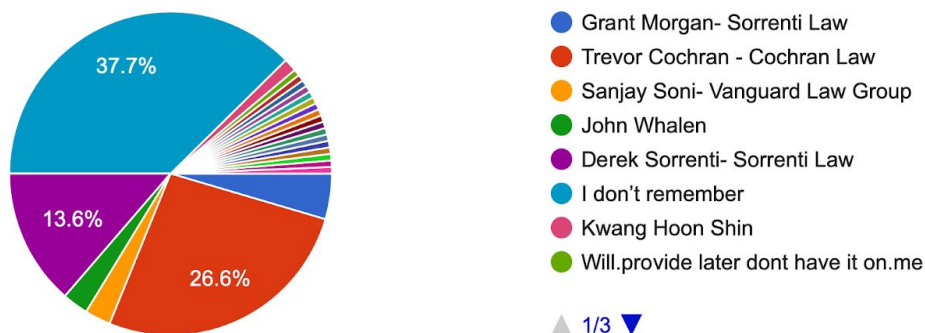
20. Have you watched the Timeline on our website at www.vosmi.ca to better understand how you were defrauded?

154 responses



21. Do you recall the name of the lawyer you spoke to for the independent legal advice? (Note that this is not the same person who was the commissioner)

154 responses



- Chris Smart - Vanguard Law Group...
- John Whalton
- Richard m. Rotchtin
- John Michael Whelton
- I have an email of vbansal@vangua...
- Wayne Linton
- Barry Johnston - Vanguard Law Gro...
- He just briefly introduced himself on...

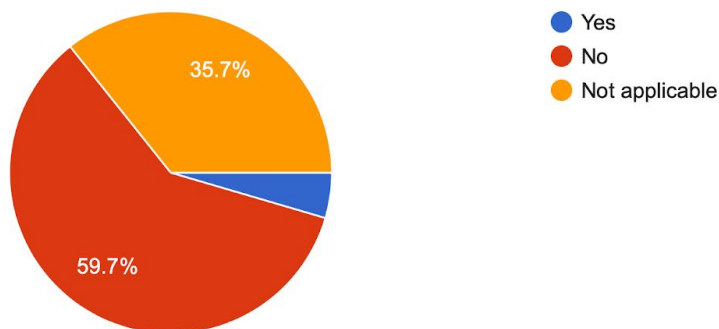
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- Grant Morgan, John Whelton, Trevo...
- Paul Fletcher
- Pahuja Law Sanjay Pahuja
- Shannon Murphy - Spadafora & Mu...
- Vikaas Bansal.
- Cant find at present time Lingard?
- The conversation was less than 10...
- John Whalen and Trevor Cochran

▲ 3/3 ▼

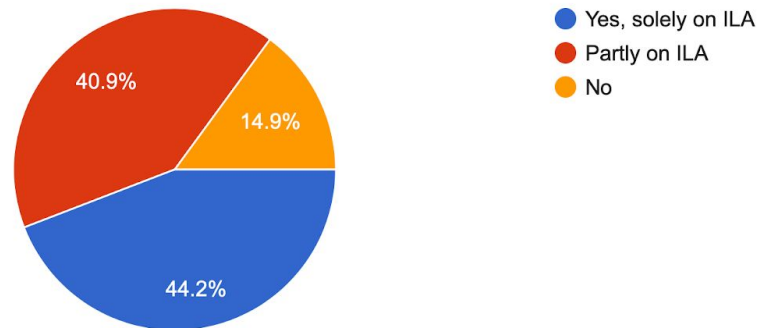
22. If your independent legal advice lawyer was provided by Sorrenti Law, would you have invested in a Fortress SMI had you known that Sorrenti Law also acted as trustee and administrator for some of the Fortress projects?

154 responses



23. a) Did you rely on the ILA to make your investment

154 responses



23. b) If you answered Partly or No to the above question, can you explain

70 responses

Sampling of responses:

- The lawyer (over the phone) assured me that everything about the investment was correct in accordance to the law
- Relied on our financial advisor and mortgage broker as well
- I relied on my agent who knew my personal situation very clearly and still encouraged me to invest stating that I need not pay my mortgage first as the mortgage interest was only 3% (or thereabouts) and I was getting 8% so still ahead by investing.
- I regretfully trusted the agent
- i relied upon both the ILA lawyer and my financial advisor who i had conducted business with for 25 yrs
- I made my decision primarily based on the Loan to Value Ratio, which, I was told, was under 80% in all the projects I invested in.
- I believed that ILA would always protect Canadian Citizens from any kind of fraud no matter what title or institution they are representing.
- Also was assured that was safe because lawyers are regulated by Law Society and investment is regulated by FSCO.
- And my broker and some research and previous success of other projects. I had four that exited and got principle and interest back.
- spent time looking at other info on Fortress web site
- I already made my mind up to invest
- I felt secure investing knowing I had a Lawyer on my side

- Referral agent had a big influence
- The mortgage broker said he has explained to us the terms of syndicated mortgage in detail and we just had to answer 'Yes' to the lawyer's question. It was just a formality ..
- I had already committed to my financial advisor. The ILA was more just a formality.
- I had invested before through Fortress a couple of years earlier and had no issues, so I had trust in them
- We relied on the group of financial advisor, agent and lawyer. None of them said anything about risks.
- We were told it was a safe investment, would be paid out within a year.
- We were that they were safe investments, they never lost a penny.
- Referred by family member
- He made it sound like a no brainer
- I trusted that the ILA was looking after my best interest but apparently not.
- I put too much trust towards the information coming from referring agent

Thank you for taking part in this survey.