

COURT FILE NUMBER Q.B.G. No. 1692 of 2018

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

PLAINTIFF YOLBOLSUM CANADA INC.

DEFENDANTS GOLDEN OPPORTUNITIES FUND INC.,  
DOUGLAS BANZET, GRANT KOOK,  
CONCORDE CENTRES INC., L. DAVID DUBE,  
PIC INVESTMENT GROUP INC., PIC FLIGHT  
SERVICES INC., CRAIG BELL, MED-LIFE  
DISCOVERIES LP, MED-LIFE DISCOVERIES  
GP INC., PETER BLANEY, JOHN HYSHKA,  
BARRY MARKOWSKY, AMAR BHALLA, STAN  
STEWART, CINDY OGILVIE, CHRISTINE  
HRUDKA, SHAWN RITCHIE, CHRISTINE  
JOHNSTON, and TAMARA HARASEN

### NOTICE TO DEFENDANT

1. The Plaintiff may enter Judgment in accordance with this Statement of Claim or the Judgment that may be granted pursuant to *The Queen's Bench Rules* unless, in accordance with paragraph 2, you:
  - a) serve a Statement of Defence on the plaintiff; and
  - b) file a copy of it in the office of the local registrar of the Court for the judicial centre named above.
2. The Statement of Defence must be served and filed within the following period of days after you are served with the Statement of Claim (excluding the day of service):
  - a) 20 days if you were served in Saskatchewan;
  - b) 30 days if you were served elsewhere in Canada or in the United States of America.
  - c) 40 days if you were served outside Canada and the United States of America;
3. In many cases a Defendant may have the trial of the action held at a judicial centre other than the one at which the Statement of Claim is issued. Every defendant should consult a lawyer as to his or her rights.
4. This Statement of Claim is to be served within 6 months from the date on which it is issued.

5. This Statement of Claim is issued at the above-named judicial centre on the 24<sup>th</sup> day of October, 2018.

**K. Radom**  
Deputy Local Registrar

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Local Registrar

## STATEMENT OF CLAIM

1. The Plaintiff, Yolbolsum Canada Inc. ("YBCI"), is a corporation registered to carry on business in the Province of Saskatchewan. YBCI is, or was at all material times, a Shareholder in Phenomenome Discoveries Inc. ("PDI").
2. The Defendant, Golden Opportunities Fund Inc. ("GOFI"), is a corporation registered to carry on business in the Province of Saskatchewan. GOFI is, or was at all material times, a Shareholder in PDI.
3. The Defendant, Douglas Banzet, is an individual who resides in Saskatoon, Saskatchewan. Douglas Banzet is, or was at all material times:
  - a) Director of PDI;
  - b) Director, Chief Financial Officer and Secretary of GOFI; and
  - c) Director and President of Med-Life Discoveries GP Inc.
4. The Defendant, Grant Kook, is an individual who resides in Saskatoon, Saskatchewan. Grant Kook is, or was at all material times, Director, President and Chief Executive Officer of GOFI.
5. The Defendant, Concorde Centres Inc. ("Concorde") is a corporation registered to carry on business in the Province of Saskatchewan. Concorde is, or was at all material times, a Shareholder in PDI.
6. The Defendant, L. David Dube, is an individual who resides in Saskatoon, Saskatchewan. L. David Dube is, or was at all material times;
  - a) Director, President and Chief Executive Officer of Concorde; and
  - b) Director and Secretary of Med-Life Discoveries GP Inc.
7. The Defendant, PIC Investment Group Inc. ("PIC Investment"), is a corporation registered to carry on business in the Province of Saskatchewan. PIC Investment is, or was at all material times, a Shareholder in PDI.
8. The Defendant, PIC Flight Services Inc. ("PIC Flight"), is a corporation registered to carry on business in the Province of Saskatchewan.

9. PIC Investment is, or was at all material times, the sole shareholder in PIC Flight, and PIC Investment's Directors and Officers are the Directors and Officers of PIC Flight. As such, PIC Flight is, or was at all material times, wholly controlled by PIC Investment. Unless the context indicates to the contrary, PIC Investment and PIC Flight will be referred to collectively as "PIC".
10. The Defendant, Craig Bell, is an individual who resides in Saskatchewan. Craig Bell is, or was at all material times:
  - a) Director and Chief Operating Officer of PIC Investment;
  - b) Chief Operating Officer of PIC Flight; and
  - c) Director and Treasurer of Med-Life Discoveries GP Inc.
11. The Defendant, Med-Life Discoveries LP, is a limited partnership registered to carry on business in the Province of Saskatchewan.
12. The Defendant, Med-Life Discoveries GP Inc., is a corporation registered to carry on business in Saskatchewan.
13. Med-Life Discoveries GP Inc. is, or was at all material times, the general partner of Med-Life Discoveries LP. Both will be referred to as "Med-Life" unless the context indicates otherwise.
14. The owners of Med-Life Discoveries GP Inc. are, or were at all material times:
  - a) GOFI, who owns 50 Class A Shares;
  - b) Concorde, who owns 25 Class A Shares; and
  - c) PIC Flight, who owns 25 Class A Shares.
15. Concorde and PIC are, or were at all material times, investors in:
  - a) Dynex Capital Limited Partnership ("Dynex");
  - b) Tancho Capital 1 Limited Partnership ("Tancho 1");
  - c) Tancho Capital 3 Limited Partnership ("Tancho 3"); and
  - d) Tancho-Defyrus Limited Partnership (Tancho-Defyrus").

16. The Defendant, Peter Blaney, is an individual who resides in Kingston, Ontario. Peter Blaney is, or was at all material times:
- a) Director of PDI;
  - b) One of two Directors of Dynex Capital Inc., the general partner in Dynex; and
  - c) Director of:
    - i. Tancho Advisers Group Inc., the general partner in Tancho 1;
    - ii. Tancho-Phenomenome (GP) Inc., the general partner in Tancho 3;
    - iii. Induran Ventures Inc., the general partner in Induran; and
    - iv. Tancho-Defyrus Inc., the general partner in Tancho-Defyrus.

All of which are or were at all material times Shareholders in PDI. Unless the context indicates otherwise, Dynex, Dynex Capital Inc. Tancho Advisers Group Inc., Tancho 1, Tancho-Phenomenome (GP) Inc., Tancho 3, Induran Ventures Inc., Induran, Tancho-Defyrus Inc. and Tancho-Defyrus will be referred to collectively as the "Dynex Group".

17. The Defendant, John Hyshka, is an individual who resides in Saskatoon, Saskatchewan. John Hyshka is, or was at all material times:
- a) Director of PDI and PDI's Chief Financial Officer, Chief Operating Officer and Corporate Secretary;
  - b) Shareholder in PDI;
  - c) Chairman of Tancho-Defyrus;
  - d) Shareholder in Tancho-Defyrus; and
  - e) Receiver-Manager of Tancho-Defyrus.
18. The Defendant, Barry Markowsky, is an individual who resides in Burlington, Ontario. At all material times he was:
- a) Director of PDI; and
  - b) Director of Tancho-Defyrus.

19. The Defendant, Amar Bhalla, is an individual who resides in Toronto, Ontario. At all material times he was:
  - a) Director of PDI; and
  - b) Shareholder in Dynex.
20. The Defendant, Stan Stewart, is an individual who resides in Cobourg, Ontario. At all material times he was:
  - a) Director of PDI; and
  - b) Shareholder in Dynex.
21. The Defendant, Cindy Ogilvie, is an individual who resides in Regina, Saskatchewan. At all material times she was a Director of PDI.
22. The Defendant, Christine Hrudka, is an individual who resides in Saskatoon, Saskatchewan. At all material times she was a Director of PDI.
23. The Defendant, Shawn Ritchie, is an individual who resides in Saskatoon, Saskatchewan.
24. The Defendant, Christine Johnston, is an individual who resides in Saskatoon, Saskatchewan. She was at all material times PDI's senior in-house counsel.
25. The Defendant, Tamara Harasen, is an individual who resides in Regina, Saskatchewan. She was at all material times PDI's in-house counsel.
26. CIC Asset Management Inc. ("CIC"), is a corporation registered to carry on business in the Province of Saskatchewan. CIC is, or was at all material times, a Shareholder in PDI.

#### **History of PDI, Corporate Governance and Ownership**

27. Dr. Dayan Goodenowe ("Dr. Goodenowe") is an individual who resides in or near Moose Jaw, Saskatchewan. Dr. Goodenowe is, or was at all material times:
  - a) Director, President and Shareholder in YBCI; and
  - b) Director, President and Chief Executive Officer of PDI.

28. Dr. Goodenowe invented a novel method of complex sample analysis in 1999 (the "Invention"). The Invention, when combined with Dr. Goodenowe's knowledge of biochemical mechanisms of diseases, led to new discoveries related to disease processes that further led PDI to develop:
  - a) Novel diagnostic methods for many diseases including colon cancer, pancreatic cancer, ovarian cancer, Alzheimer's Disease, Multiple Sclerosis and autism; and
  - b) Novel therapeutic treatments for diseases such as Alzheimer's Disease, Parkinson's Disease, Multiple Sclerosis and Rhizomelic Chondrodysplasia Punctata, a rare disease in children.
29. The Invention and its use applications are owned by YBCI and protected by patents (the "Patents").
30. PDI was incorporated by Dr. Goodenowe in 2000 and engaged in the business of biotechnology. It was a wholly owned subsidiary of YBCI. YBCI licensed the Invention and Patents to PDI enabling PDI to practice the Invention and develop and commercialize the technology.
31. Pursuant to the terms of a Management Services Agreement between YBCI and PDI dated February 1, 2002 (the "MSA"), Dr. Goodenowe provided services to PDI as President and CEO. This included:
  - a) Developing the strategic vision for PDI;
  - b) Hiring and firing laboratory personnel; and
  - c) Managing PDI's scientific operations.
32. PDI developed a portfolio of intellectual property derived from its use of the Invention. Twenty patent families were developed, 16 of which Dr. Goodenowe was the sole or co-inventor. The other four were developed under his direct supervision.

33. To generate operating funds for PDI to develop and commercialize its biotechnology, PDI received equity investment. Equity investment was PDI's main source of generating operating funds and, beginning in 2002 through to 2012, PDI had a series of equity offerings and investment. GOFI, Concorde, PIC Investment, the Dynex Group and CIC became Shareholders in PDI in this manner.
34. PDI's 1,907,345 common shares [1,742,329 Class A (Voting) and 165,016 Class B (Non-Voting)] are owned by the following Shareholders:
- a) YBCI owns 47.53% of PDI's issued Class A and Class B Shares:
    - i. 901,544 Class A (51.74% of Class A Shares);
    - ii. 5,000 Class B (3.03% of Class B Shares);
  - b) GOFI owns 9.62% of PDI's issued Class A and Class B Shares:
    - i. 93,444 Class A (5.36% of Class A Shares);
    - ii. 183,543 Class B (54.06% of Class B Shares);
  - c) CIC owns 6.56% of PDI's issued Class A and Class B Shares:
    - i. 93,910 Class A Shares (5.39% of Class A Shares);
    - ii. 31,303 Class B Shares (18.36% of Class B Shares);
  - d) John Hyshka owns 8.26% of PDI's issued Class A and Class B Shares:
    - i. 154,972 Class A Shares (8.89% of Class A Shares);
    - ii. 2,500 Class B Shares (1.52% of Class B Shares);
  - e) Concorde owns 0.16% of PDI's issued Class A and Class B Shares:
    - i. 3,000 Class A Shares (0.17% of Class A Shares);
  - f) PIC Investment owns 0.19% of PDI's issued Class A and Class B Shares:
    - i. 3,572 Class A Shares (0.21% of Class A Shares);
  - g) Dynex owns 18.39% of PDI's issued Class A and Class B Shares;

- i. 350,742 Class A Shares (20.13% of Class A Shares);
  - h) Tancho 1 owns 6.02% of PDI's issued Class A and Class B Shares;
    - i. 91,174 Class A Shares (5.23% of Class A Shares);
    - ii. 23,614 Class B Shares (14.31% of Class B Shares);
  - i) Tancho 3 owns 0.75% of PDI's issued Class A and Class B Shares;
    - i. 14,285 Class A Shares (0.82% of Class A Shares).
- 35. PDI had a Unanimous Shareholder Agreement dated July 9, 2012, (the "USA") which allows for the appointment of up to 13 Directors. Clause 4.1 describes the specific Shareholders' right to appoint Directors:
  - a) YBCI was entitled to appoint five Directors from July 9, 2012, to July 9, 2015, and six directors from July 9, 2015;
    - i. At all relevant times Dr. Goodenowe was one of YBCI's appointees;
    - ii. From September 2015, Christine Hrudka was a YBCI appointee;
  - b) GOFI was entitled to appoint a Director;
    - i. At all relevant times Douglas Banzet was GOFI's appointee;
  - c) Dynex was entitled to appoint two Directors;
    - i. From September 2014 to September 2015;
      - a. Barry Markowsky was a Dynex appointee;
      - b. Amar Bhalla was a Dynex Appointee;
    - ii. From September 2015, Peter Blaney was a Dynex appointee;
  - d) Tancho 1 was entitled to appoint a Director;
    - i. From September 2014 to September 2015, Stan Stewart was Tancho 1's appointee;
    - ii. From September 2015, Barry Markowsky was Tancho 1's appointee;
  - e) Induran was entitled to appoint a Director from July 9, 2012, to July 9, 2015;



41. PDI was indebted to GOFI pursuant to a debenture dated March 29, 2010, in the amount of \$833,000.00 (the "Debenture"). Its terms included:
- a) Interest at the rate of 11% per annum;
  - b) Security in PDI's assets, excepting PDI's intellectual property, amongst other things; and
  - c) It was due March 29, 2015.

#### **Defendants' Scheme**

42. On or about November of 2014, Douglas Banzet, Peter Blaney, Barry Markowsky, John Hyshka, GOFI, Concorde, and PIC Investment determined on a course of action to prefer their interests in PDI to the prejudice of YBCI's interests in PDI. From a sale of assets, other liquidation event or any other means of proceeds derived from PDI's business (a "Liquidation Event"), Douglas Banzet, Peter Blaney, Barry Markowsky, John Hyshka, GOFI, Concorde and PIC Investment sought to direct proceeds to GOFI, Concorde and PIC Investment in preference to and to the exclusion of YBCI, when GOFI, - Concorde and PIC Investment's Shares or debt instruments did not have such rights.
43. In this course of action, Douglas Banzet, Peter Blaney, Barry Markowsky, John Hyshka, GOFI, Concorde and PIC Investment were actively and knowingly assisted by L. David Dube, Grant Kook, PIC Flight, Craig Bell, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, Shawn Ritchie, Christine Johnston and Tamara Harasen.

#### **Defendants Scheme #1 - Re-classification of PDI's Common Shares to back-date and retroactively provide preferential status to common shares held by GOFI, PIC, Concorde and Dynex Group**

44. In the summer of 2014, PDI's technology had been developed to an extent that it declared an intent to execute a sale of diagnostic assets or an initial public offering by September 2015. PDI was in need of funding to continue operations so it could reach this goal.

45. Peter Blaney led, and the other three Directors representing the Dynex Group (Barry Markowsky, Amar Bhalla and Stan Stewart) agreed, to oppose approval of any further equity investment in PDI. Using the Super Majority Clause, they were successful in defeating any such initiatives presented to the PDI Board of Directors. This occurred at PDI Board of Director Meetings dated:
- a) August 29, 2014; and
  - b) May 28, 2015.
46. In an email dated August 28, 2014, from Peter Blaney to Craig Bell, Peter Blaney explicitly informed Craig Bell/PIC that his Directors were colluding with one another to block the upcoming PDI financing proposal. Peter Blaney stated, "I work with 3 other directors at the PDI Board. We will vote no on their term sheet. With those votes their term sheet will not pass".
47. Peter Blaney stated his duty as a Director of PDI was to act in the best interests of the Dynex Group. He stated they wanted to terminate their investment in PDI, so Peter Blaney advocated insolvency proceedings for PDI so it may be liquidated. The occasions he advocated insolvency proceedings included, but were not limited to:
- a) The August 29, 2014, PDI Board Meeting; and
  - b) In a letter to the PDI Board of Directors dated January 15, 2015.
48. Peter Blaney, Barry Markowsky, Amar Bhalla and Stan Stewart represented to the PDI Board they would only support further equity investment if the USA were amended to provide their appointees' Class A and Class B Shares with a payout preference in the event of a Liquidation Event. The PDI Board of Directors did not approve this proposal.
49. Blocked from raising further equity investment, in September 2014, PDI received a loan from YBCI of up to \$2,000,000.00 so PDI could continue operations (the "YBCI - PDI Loan") and avert bankruptcy. This loan was approved by the PDI Board of Directors. YBCI began advancing funds to PDI in September 2014.

50. On November 6, 2014, Douglas Banzet represented to the PDI Board, including Dr. Goodenowe that:
- a) As a Director of PDI he acted in the best interests of PDI, when he stated, "I can't stress enough that, as directors, we need to act in the best interests of PDI and its constituents when considering the current term sheet, particularly in light of PDI's grim financial situation";
  - b) Insolvency was not in the best interests of PDI; and
  - c) He was not in favour of insolvency proceedings for PDI when other options were available.
51. In November of 2014, YBCI needed bridge financing to make further advances to PDI under the YBCI - PDI Loan. On November 20, 2014, Dr. Goodenowe, on behalf of YBCI, approached Douglas Banzet, on behalf of GOFI, for a loan of \$700,000.00. GOFI offered a loan to YBCI on the following terms:
- a) GOFI would loan \$1,000,000.00;
  - b) It was payable on demand;
  - c) Interest would accrue at the rate of 36% per annum, compounded monthly;
  - d) YBCI could not make any further advances to PDI under the YBCI - PDI Loan without approval of GOFI;
  - e) Security was granted and an assignment of license was given by YBCI to GOFI in YBCI assets; and
  - f) Any payment received by YBCI on the YBCI - PDI Loan would be first applied to amounts outstanding from YBCI to GOFI.
52. YBCI was reluctant to enter into a loan on these onerous terms.
53. On December 12, 2014, Douglas Banzet represented to Dr. Goodenowe that his and GOFI's interests in and for PDI were aligned with Dr. Goodenowe and YBCI's in that they wanted to:
- a) Prevent a PDI bankruptcy; and

- b) Normalize PDI's financial situation so PDI could sell assets or proceed to an initial public offering, without being under duress, so as to achieve fair market value.
54. The representations of Douglas Banzet described in paragraphs 50 and 53 led Dr. Goodenowe and YBCI to repose trust in Douglas Banzet. In reliance on these representations, YBCI entered into a loan agreement with GOFI dated December 12, 2014, on the terms described in paragraph 51(a) to (f) (the "GOFI - YBCI Loan").
55. Funds were advanced by YBCI to PDI under the YBCI - PDI Loan from time to time from September 2014 to September 2015. On those occasions when consent was required from GOFI pursuant to the GOFI - YBCI Loan, Douglas Banzet gave his consent, on behalf of GOFI. Aside from the purchase and sale agreement referred to below, from September of 2014 onward, YBCI was the sole funding source for PDI's operations.
56. In November 2014, Douglas Banzet, Peter Blaney, John Hyshka, Barry Markowsky, GOFI, Concorde, L. David Dube, PIC Investment and Craig Bell contrived a scheme under which, notwithstanding YBCI's Shareholder rights under PDI's Articles of Incorporation, Bylaws and USA to proceeds commensurate with its ownership interest in PDI, in the event of a Liquidation Event and after payment of taxes, debt and preferred Shares:
- a) 100% of the proceeds would go to Shareholders other than YBCI and John Hyshka;
  - b) Once all Shareholders other than YBCI and John Hyshka received at least \$70.00 per share, the remaining proceeds would be divided pro rata between all Shares outstanding; and
  - c) John Hyshka would receive compensation outside of this arrangement.

57. John Hyshka had already formed a numbered company and was, without Dr. Goodenowe's knowledge or PDI Board approval, being paid by a Peter Blaney and Dynex Group affiliated limited partnership (Tancho Defyrus LP) since April of 2014. John Hyshka's numbered company received \$34,650.00 in 2014 and had received \$15,350.00 in 2015 prior to John Hyshka's termination from PDI. John Hyshka was also using PDI staff and resources, without Dr. Goodenowe's knowledge or PDI Board approval, for his numbered company and Dynex Group activities.
58. Less than 3 weeks after Douglas Banzet's November 6, 2014, public declaration of the PDI Director's obligation to act in the best interests of all PDI constituents, on November 24, 2014, Douglas Banzet proposed in an email to John Hyshka, a re-distribution scheme that would result in up to \$29,260,000.00 of YBCI's share redemption in the event of a sale to be transferred to Dynex Group, GOFI, Concorde, PIC Investment and CIC, to the prejudice of YBCI.
59. On November 25, 2014, John Hyshka replied, "Doug, For me to look at this as an option, I would still need money from the sale of assets upfront. I would also need a revamping of my overall compensation."
60. On November 27, 2014, Douglas Banzet presented this scheme to Peter Blaney in an email and further stated, "In confidence while we are all playing hardball especially with Dayan to exclude any cash return to him in the event of a sale in my opinion he is better off letting the company go bankrupt. His unsecured note gets paid, then the preferred and finally any remaining funds for shareholders he would get 50%. Yol would get back its technology platform which is what drives the discovery and test methodology, etc. We are playing a dangerous game where if we push too hard we lose big and he still has a rose just not a dozen."

## **Defendants' Scheme #2 - The Med-Life Agreement**

61. On July 9, 2015, a Preferred Share redemption was due. If the Preferred Shares were not redeemed by their due date, the consequences included:
  - a) Preferred Shareholders receiving two Class A Share Warrants for each Preferred Share; and
  - b) The formation of a liquidation committee by the PDI Board with a mandate to sell any or all PDI assets to redeem the Preferred Shares.
62. To raise funds, PDI sought further equity investment. Peter Blaney led, and the other Dynex Group appointees (Barry Markowsky, Amar Bhalla and Stan Stewart) agreed, to oppose this. On May 28, 2015, they voted against any further equity investment. By operation of the Super Majority Clause, further equity investment was not approved by the PDI Board.
63. Peter Blaney, Barry Markowsky, Amar Bhalla and Stan Stewart would only approve further equity investment if their appointees' Class A and Class B Shares were converted to Special Preferred Shares, giving them a preference on a Liquidation Event. They demanded a value of \$120.00 per share. This was not approved by the PDI Board.
64. On June 9, 2015, GOFI made a non-negotiable offer for GOFI or its nominee to purchase revenue interests in PDI assets. Douglas Banzet made the approach to PDI on behalf of GOFI (or its nominee). It was presented by Douglas Banzet as a means for PDI to redeem the Preferred Shares and to obtain operating funds.
65. In contrast to the May 28, 2015 proposed equity raise, which was minimally dilutive and equitable to all Shareholders, and which the Dynex Group voted against, the GOFI offer was excessively dilutive to PDI share value and preferentially distributed PDI assets to selective PDI Shareholders. However, the Dynex Group of PDI Directors voted to approve the GOFI offer. The PDI Board approved acceptance of the offer on June 12, 2015.

66. On June 24, 2015, PDI was advised that GOFI's nominee was Med-Life.
67. Med-Life is comprised of three PDI shareholders: GOFI (50%), Concorde (25%) and PIC (25%).
68. Concorde and PIC are significant investors in the Dynex Group – the same group that voted against PDI financing on August 12, 2014, and May 28, 2015, but voted for the GOFI June 9, 2015, offer.
69. The offer referred to in paragraph 64 above was incorporated into the terms of a Purchase and Sale Agreement between Med-Life and PDI dated June 30, 2015 (the "Med-Life Agreement"), approved by PDI's Board of Directors. Douglas Banzet negotiated the terms of the Med-Life Agreement on behalf of Med-Life.
70. Under the terms of the Med-Life Agreement, PDI agreed to sell and Med-Life agreed to purchase, in the amount of \$10,000,000.00, gross revenue interests in the revenues and proceeds generated by:
  - a) PDI's lead drug candidate, PPI-1040, for the treatment of genetic disease in children called rhizomelic chondrodysplasia punctate ("RCDP")(the "Drug Asset"); and
  - b) PDI's risk assessment tests for colorectal cancer, pancreatic cancer, ovarian cancer and Alzheimer's disease (the "Diagnostic Test Assets").The interest in:
  - c) The Drug Asset was 50% of revenues; and
  - d) The Diagnostic Test Assets started at 25% of revenues and could reach 50%.
71. Dynex Group, GOFI, Concorde, PIC and Med-Life conspired to place PDI into financial duress and then took advantage of PDI's financial situation to purchase revenue interests at a much reduced amount. At that time:
  - a) The Drug Asset was valued at approximately \$327,000,000.00; and
  - b) The Diagnostic Test Assets were valued at approximately \$100,000,000.00.

72. Douglas Banzet represented to Dr. Goodenowe and YBCI that his and GOFI's interests in and for PDI were aligned with Dr. Goodenowe and YBCI's in that they wanted to:
- a) Prevent a PDI bankruptcy that was being forced by the Dynex Group;
  - b) Normalize PDI's financial situation so PDI could sell assets or proceed to an initial public offering, without being under duress, so as to achieve fair market value; and
  - c) Reconstitute PDI's Board of Directors to reflect shareholdings and to prevent minority Shareholder appointee vetoes.

In reliance on these representations, YBCI and Dr. Goodenowe supported the Med-Life Agreement and the PDI Board approved the Med-Life Agreement. YBCI and Dr. Goodenowe's support was important for passing the Super Majority Clause.

73. In addition, the representations described in paragraph 74 further led Dr. Goodenowe and YBCI to repose trust in Douglas Banzet.
74. As a result of the Med-Life Agreement, in the event of revenues being generated from PDI's Drug Asset or Diagnostic Test Assets, GOFI, Concorde and PIC Investment would receive a return on PDI assets, on account of their interests in Med-Life, they otherwise would not have received based on their ownership or other interests in PDI.
75. Of the \$10,000,000.00 purchase price, approximately \$8,700,000.00 was used to redeem the Preferred Shares that became due in July of 2015. Of this sum, approximately \$4,600,000.00 went to redeem GOFI, Concorde and PIC Investment's Preferred Shares.
76. The remainder of the purchase price, \$1,300,000.00, was used to fund PDI's operations.

### **Defendants' Scheme #3 - The Med-Life Agreement Amendment**

77. Subsequent to the Med-Life Agreement being signed, research studies revealed PPI-1040 was no longer the best candidate for treating RCDP. PDI learned the leading candidate was a drug mixture; PPI-1011/PPI-1017/PPI-1025 (the "Drug Mixture"). Douglas Banzet, without authorization from the PDI Board, obtained and provided this confidential information to GOFI and Med-Life.
78. Douglas Banzet demanded of PDI, including with the threat of legal action, that the Med-Life Agreement be amended. The amendment demanded was for the Drug Asset purchased be expanded to include revenues and proceeds generated by all of PDI's drug assets for the treatment of Alzheimer's Disease, Parkinson's Disease, Multiple Sclerosis and RCDP, which would include the Drug Mixture (the "Med-Life Agreement Amendment"). Med-Life did not offer any additional compensation to PDI for the Med-Life Agreement Amendment.
79. John Hyshka informed Dr. Goodenowe he supported the Med-Life Agreement Amendment.
80. PDI had a Board Meeting on September 24, 2015, to consider Med-Life's demand for PDI to accept the Med-Life Agreement Amendment, amongst other things. The PDI Board did not approve the Med-Life Agreement Amendment.
81. By the end of September 2015, PDI required further funding for operations.
82. At the September 24, 2015, Board Meeting, PDI presented a proposed preferred share offering. As the majority Class B Shareholder, GOFI could veto the offering. Douglas Banzet opposed the offering and the Board of Directors did not approve it.
83. At the same Board Meeting, YBCI offered, and the PDI Board approved, including Douglas Banzet, to increase the YBCI - PDI Loan to allow YBCI to advance up to \$4,000,000.00 to PDI to fund PDI's operations.

84. Subsequent to the September 24, 2015, Board Meeting, Douglas Banzet advised Dr. Goodenowe that GOFI, pursuant to the terms of the GOFI – YBCI Loan, did not approve YBCI advancing any further funds to PDI. As such, notwithstanding PDI Board approval, YBCI could not advance any further funds to PDI.
85. Douglas Banzet told Dr. Goodenowe that GOFI would consent to YBCI advancing funds to PDI if Dr. Goodenowe supported the Med-Life Agreement Amendment and used his influence as CEO and President, and as a YBCI Board appointee, to have the PDI Board approve it. Dr. Goodenowe did not agree to do this. On September 25, 2015, Douglas Banzet stated in an email to Dr. Goodenowe, "I look forward to PDI's counter offer to the Med-Life amending agreement that satisfies all parties. This will be important as I will need a satisfactory resolution of this matter in order to get GOFI's approval of the YBCI increased loan to PDI". This demand was further repeated by email on October 24, 2015, by Douglas Banzet.
86. Douglas Banzet, as chairman of PDI's audit and finance committee, was aware that, without further equity investment or further advances under the YBCI – PDI Loan, PDI would not be able to fund operations beyond November of 2015.
87. On October 8, 2015, at the 61st B'nai Brith Silver Plate dinner, Grant Kook stated that he had a plan to take over PDI and that part of that plan was to remove Dr. Goodenowe as CEO of PDI.
88. John Hyshka, Douglas Banzet, Peter Blaney, Barry Markowsky, GOFI, Grant Kook, Concorde, L. David Dube, PIC, Craig Bell, Shawn Ritchie, Christine Johnston, Tamara Harasen and Med-Life sought Dr. Goodenowe's termination from his position as PDI's CEO and President. As part of their plan, on termination, John Hyshka would replace Dr. Goodenowe as CEO and Shawn Ritchie would be promoted to replace Dr. Goodenowe as lead scientist at PDI (at that time Shawn Ritchie was PDI's director of discovery research). This would allow for the approval of the Med-Life Agreement Amendment and/or liquidation of PDI.

89. Without PDI Board knowledge or approval, Douglas Banzet and John Hyshka asked, and Christine Johnston and Tamara Harasen agreed, for Christine Johnston and Tamara Harasen to determine on what grounds Dr. Goodenowe may be terminated from PDI without notice and what impact termination would have on PDI's intellectual property. Christine Johnston and Tamara Harasen's research indicated Dr. Goodenowe could only be terminated if he died, became incapacitated or committed an act of fraud.
90. Unknown to Dr. Goodenowe, but with the knowledge and co-operation of John Hyshka, Douglas Banzet, Peter Blaney, Barry Markowsky, GOFI, Grant Kook, Concorde, L. David Dube, PIC, Craig Bell, Med-Life, Christine Johnston and Tamara Harasen:
- a) John Hyshka created a fake e-mail account to impersonate Dr. Goodenowe and then used this fake email account to create a set of fake emails between John Hyshka's official PDI email account and the fake Dr. Goodenowe email account on November 5 and 6, 2015, that made it appear that Dr. Goodenowe was asking John Hyshka to fraudulently transfer PDI funds to Dr. Goodenowe for his personal use;
  - b) Peter Blaney and Barry Markowsky requested an emergency PDI Board Meeting for November 10, 2015, specifically for the purpose of an in-camera session to deal with the manufactured fraud described in 91(a) and to appoint Grant Kook as one of the Director nominees for Dynex Group;
  - c) Unaware of the ulterior motives behind the emergency Board Meeting, Dr. Goodenowe responded to the emergency PDI Board Meeting request on November 6, 2015, indicating that the November 10 meeting was not necessary as there already was a Board Meeting scheduled for November 19, 2015, to which Peter Blaney responded via email, "Ladies and Gentlemen: Dayan's comments notwithstanding -the Nov 10 board meeting is absolutely required given the current circumstances for PDI. I am looking forward to our meeting.";

- d) John Hyshka and Douglas Banzet told PDI Board members and senior PDI employees about the fraud accusation in advance of the emergency Board Meeting;
- e) John Hyshka intended to present the fake e-mails describing the manufactured fraud to the PDI Board at the emergency Board Meeting as grounds for having Dr. Goodenowe immediately terminated from PDI without notice; and
- f) The PDI Board would vote to terminate Dr. Goodenowe immediately and without notice.

91. Dr. Goodenowe discovered John Hyshka's actions and terminated John Hyshka's employment with PDI for cause on November 9, 2015, before the emergency Board Meeting. The emergency Board Meeting was then cancelled by Douglas Banzet and Peter Blaney, despite their previous assertions of its importance. After John Hyshka's termination, Doug Richardson sent out an email that included Douglas Banzet as a recipient in which Doug Richardson stated, "Fellows are you up for a coffee - hope you can make it - as we need to cheer up our dear friend John H. See you tomorrow at 8:15 at D'Lish. Thanks Doug". Douglas Banzet responded two minutes later stating, "I will certainly be there to cheer up John". Subsequent to John Hyshka's termination of employment at PDI, Douglas Banzet informed Dr. Goodenowe that he had hired John Hyshka to work for GOFI.

#### **Defendants' Scheme #4 - PDI and YBCI Receivership**

92. Immediately following the failure of the Defendants' plan to terminate Dr. Goodenowe from PDI, Douglas Banzet, Peter Blaney, John Hyshka, Barry Markowsky, GOFI, Grant Kook, Concorde, L. David Dube, PIC, Craig Bell and Med-Life embarked on an alternate scheme; to place PDI in insolvency proceedings. This would enfeeble PDI, and allow Med-Life to:
- a) Force agreement to the Med-Life Agreement Amendments; or
  - b) Purchase PDI's assets at a much reduced value.

93. Both options in 92(a) and (b) benefitted GOFI, Concorde and PIC to the prejudice of YBCI as, notwithstanding the rights of Shareholders under PDI's Articles of Incorporation, Bylaws and USA or the terms of any debt instrument:
- a) GOFI, Concorde and PIC would receive a return from PDI assets they otherwise would not have received based on their interests in PDI; and
  - b) YBCI would receive a reduced return, or no return, from its interests in PDI.
94. On November 10, 2015:
- a) Med-Life made formal demand on PDI to agree to the Med-Life Agreement Amendment by November 30, 2015, failing which Med-Life would pursue legal options;
  - b) GOFI made a 10-day demand for payment on PDI under the Debenture; and
  - c) GOFI made a 10-day demand for payment on YBCI under the GOFI - YBCI Loan.
95. Relying on the GOFI - YBCI Loan, GOFI made an Application to the Court for the appointment of a Receiver over the assets of YBCI. If GOFI were to be successful in this action, they would gain control of YBCI's Patent, YBCI's shares in PDI and YBCI's director appointees in PDI. By seizing YBCI's assets, GOFI would obtain control over PDI.
96. YBCI made an application to the Court asking for relief for YBCI under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "YBCI CCAA Application").

97. PDI had a Board of Directors Meeting scheduled for November 19, 2015. The date of this meeting was canvassed to all PDI Directors prior to the November 10 demand letters and all PDI Directors had confirmed availability and intent to attend. In addition, November 19, 2015, was the day before the 10-day GOFI demand expired. Despite the critical importance of the meeting, Peter Blaney, Barry Markowsky and Cindy Ogilvie failed to attend the November 19, 2015, PDI Board of Directors Meeting in order to prevent quorum and prevent PDI from conducting any business or responding to GOFI's demand on the Debenture by GOFI's deadline.
98. Relying on the Debenture, GOFI made an Application to the Court for the appointment of a Receiver on the assets of PDI.
99. Dr. Goodenowe, on behalf of PDI, made an Application to the Court asking for relief for PDI under the CCAA (the "PDI CCAA Application").
100. Initiating insolvency proceedings, such as the PDI CCAA Application, required PDI Board approval under the Super Majority Clause. GOFI opposed PDI's CCAA Application on the basis that it did not have PDI Board approval. The Court allowed PDI to hold a Board meeting to vote on the PDI CCAA Application presented by Dr. Goodenowe. This Board meeting was held on November 27, 2015 to approve PDI's CCAA Application; Douglas Banzet, Peter Blaney, Barry Markowsky, Christine Hrudka and Cindy Ogilvie voted against the PDI CCAA Application. The choice at hand was binary. A vote against the PDI CCAA application was a vote for the GOFI-led receivership application. As a result of these Directors' actions, PDI could not proceed with the CCAA Application and the GOFI-led receivership Application was uncontested.
101. At the same November 27, 2015, Board Meeting, Dr. Goodenowe presented to the Board an offer from Yol Bolsum Holdings Inc. to loan funds to PDI to pay the Debenture (which would eliminate GOFI's right to pursue receivership for PDI). The PDI Board voted to reject this offer, with Douglas Banzet, Peter Blaney, Barry Markowsky, Christine Hrudka and Cindy Ogilvie voting to reject the loan offer. Dr. Goodenowe abstained.

102. On December 3, 2015, GOFI (represented by Douglas Banzet), YBCI (represented by Dr. Goodenowe) and Dr. Goodenowe (in his personal capacity) entered into a Memorandum of Understanding (the "MOU") to negotiate the following, amongst other things:
- a) The resignation of Dr. Goodenowe as President and CEO of PDI;
  - b) New terms to the MSA for the performance of services by Dr. Goodenowe for PDI;
  - c) Creation of a management committee to engage new management for PDI and to manage PDI in the interim;
  - d) Amend provisions of the USA with respect to corporate governance, including elimination of the Super Majority Clause; and
  - e) Restructuring the GOFI - YBCI Loan so that it became a debt of PDI's to GOFI.
103. The Med-Life Agreement Amendment was not an item in the MOU.
104. As a result of the MOU, GOFI amended its request to that of an Interim Receiver for PDI and YBCI did not oppose the Application. An Interim Receiver, FTI Consulting Canada Inc. ("FTI"), who was suggested to the Court by GOFI, was appointed by the Court on December 3, 2015. FTI did not have experience in the management or liquidation of a biotechnology company such as PDI.
105. Subsequent to the MOU being entered into and the appointment of the Interim Receiver, Douglas Banzet told Dr. Goodenowe negotiation of the items in the MOU was subject to Dr. Goodenowe and YBCI first agreeing to the Med-Life Agreement Amendment. Dr. Goodenowe did not agree to the Med-Life Agreement Amendment. As such, GOFI did not negotiate the items in the MOU.
106. GOFI was funding the Interim Receivership. Douglas Banzet threatened to Dr. Goodenowe to withhold funds from the Interim Receiver unless the Med-Life Agreement Amendment was agreed to.

107. Douglas Banzet was made aware by Christine Hrudka that YBCI was going to be paying the GOFI – YBCI Loan in full and that this would remove GOFI’s ability to restrict YBCI from advancing further funds to PDI under the YBCI – PDI Loan.
108. On February 4, 2016, Douglas Banzet put forward a motion at a PDI Board Meeting prohibiting PDI from borrowing any further funds from YBCI under the YBCI – PDI Loan. Douglas Banzet, Peter Blaney, Barry Markowsky, Christine Hrudka and Cindy Ogilvie voted for the motion and it passed. Dr. Goodenowe abstained. YBCI could not advance any funds to PDI.
109. Throughout the Interim Receivership, PDI, on the instructions and activities of Dr. Goodenowe, continued to explore interest from potential third party purchasers or co-developers of PDI’s assets. Such interest did exist and PDI’s reasonable asking price for PDI’s assets was \$700,000,000.00 USD.
110. Notwithstanding interest generated from third parties, Peter Blaney put forward a motion at a February 19, 2016, PDI Board Meeting that PDI enter a full receivership. The motion passed. On February 26, 2016, FTI was appointed by the Court Receiver of the assets of PDI.
111. On March 18, 2016, YBCI paid GOFI \$1,570,383.65 for all debts owing to GOFI pursuant to the \$1,000,000 loan agreement of December 12, 2014, in full, which comprised \$1,000,000.00 in principal, \$553,663.67 in interest (which is equivalent to a 40% annual interest rate), and \$16,719.98 in legal fees relating to GOFI’s attempts to enforce their security against YBCI.
112. Dr. Goodenowe and YBCI co-operated with the Receiver to maximize a sale price(s) for PDI assets from potential bidders. This included, but was not limited to, Dr. Goodenowe and YBCI:
  - a) Organizing PDI assets into six defined asset bundles;
  - b) Preparing a confidential data room containing all relevant information required for potential bidders to evaluate the six asset bundles;
  - c) Preparing presentation materials for presentation to potential bidders;

- d) Travelling with the Receiver to present the assets of PDI to potential bidders;
- e) Representing PDI at scientific conferences;
- f) Promoting PDI's science; and
- g) Representing to the Receiver and potential bidders that Dr. Goodenowe and YBCI would negotiate in good faith management and licensing agreements with potential buyers.

113. GOFI, Concorde, and PIC financed the Receivership. Douglas Banzet and GOFI leveraged the financing to influence and control the Receiver and the Receivership, including:

- a) Ensuring the Receiver engage Barry Markowsky as a sales and marketing consultant for PDI's assets, dictating the terms of his engagement and insisting Barry Markowsky be present at all meetings with potential bidders;
- b) Attempting to have Dr. Goodenowe removed as President and CEO of PDI and have Shawn Ritchie promoted to President and CEO;
- c) Approving or disapproving the Receiver's expenses, including disapproving intended marketing expenses to make PDI's assets more attractive to third party bidders;
- d) Obtaining PDI's confidential information; and
- e) Resisting attempts by any other party to provide financing for the Receivership.

114. The course of action in paragraph 113 was taken by Douglas Banzet and GOFI to enable Med-Life to purchase PDI's assets at the lowest possible price.

115. When the Receiver did not agree to terminate Dr. Goodenowe and promote Shawn Ritchie, Shawn Ritchie took advantage of his position with PDI to obtain and provide PDI's confidential information to Barry Markowsky and Douglas Banzet without the knowledge or approval, and contrary to the express instructions, of Dr. Goodenowe and the Receiver. Shawn Ritchie provided PDI's confidential information to Barry Markowsky and Douglas Banzetto enable:
- a) Med-Life to purchase PDI's assets at the lowest possible price; and
  - b) Med-Life to then sell PDI's assets at the best possible price.
116. The Receiver's sale process did not generate any bidders except Med-Life, who purchased PDI's assets for \$4,750,000.00. This purchase price equals the debt owed to GOFI by PDI under the Debenture and the amount of financing GOFI provided in the Interim Receivership and Receivership.
117. Despite the fact that Shawn Ritchie had never worked on any of PDI's therapeutic programs and that he had no appreciable experience in drug development or therapeutics, subsequent to purchasing PDI's assets, Med-Life hired Shawn Ritchie as its CEO and Chief Scientific Officer, as was part of the plan described in Christine Johnston's notebook entries from October and November 2015.
118. As a result of the aforementioned actions:
- a) Med-Life purchased PDI's assets for a value significantly less than the assets were valued prior to Receivership;
  - b) Med-Life received or will receive the revenues and proceeds generated by all of PDI's drug assets for the treatment of Alzheimer's Disease, Parkinson's Disease, Multiple Sclerosis and RCDP, including the Drug Mixture, the assets Douglas Banzet, GOFI, Concorde, L. David Dube, PIC, Craig Bell and Med-Life sought to be included in the Med-Life Agreement Amendment;

- c) By virtue of Med-Life owning PDI's assets, GOFI, Concorde and PIC Investment received a benefit, and will continue to receive a benefit, they would not otherwise have received according to their ownership and other interests in PDI; and
- d) YBCI received no return on its ownership or other interests in PDI.

#### **YBCI Claims**

##### **119. YBCI states:**

- a) it had a reasonable expectation that, in the event PDI, or any of its assets were sold, Shareholders in PDI, including YBCI, would be treated fairly and equally in accordance with their Shareholder rights and would receive a benefit commensurate with those rights;
- b) Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Concorde and PIC Investment breached YBCI's reasonable expectations; and
- c) The actions of Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Concorde and PIC Investment were oppressive, unfairly prejudicial to or unfairly disregarded YBCI's interests in PDI.

120. YBCI asks the Court to rectify the oppressive conduct of Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Concorde and PIC Investment and claims, in particular but not limited to, compensation from Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowsky, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Concorde and PIC Investment, jointly and severally, as an aggrieved party.

121. YBCI pleads and relies on the provisions of Division XVIII of *The Business Corporations Act*, R.S.S. 1978, c. B-10 (the "BCA").

122. YBCI states Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Grant Kook, Concorde, PIC, Med-Life, Grant Kook, Shawn Ritchie, Christine Johnston and Tamara Harasen agreed on and executed a course of action, described above, with the predominant purpose of excluding YBCI from receiving any benefit from any Liquidation Event of PDI's assets. In addition, Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Concorde, and PIC Investment carried out their course of action by unlawful means, in particular but not limited to, breaching the provisions of Division XVIII of the BCA.

123. YBCI states Douglas Banzet represented to YBCI that:

- a) He acted in PDI's best interests;
- b) He and GOFI wanted to prevent a PDI bankruptcy;
- c) He and GOFI wanted to normalize PDI's financial situation so PDI could sell assets or proceed to an initial public offering, without being under duress, so as to achieve fair market value; and
- d) He and GOFI wanted to reconstitute PDI's Board of Directors to reflect shareholdings and to prevent minority Shareholder appointee vetoes.

124. These representations were false as:

- a) Douglas Banzet was actively trying to, and did, prefer the interests of himself, GOFI, Med-Life, John Hyshka, Peter Blaney, Barry Markowski, Concorde, PIC and Shawn Ritchie over the interests of PDI;
- b) Douglas Banzet did not act in the best interests of PDI;
- c) Douglas Banzet and GOFI actively pursued and placed PDI in insolvency proceedings; and
- d) Douglas Banzet and GOFI had no intention to reconstitute PDI's Board of Directors to reflect shareholdings and to prevent minority Shareholder appointee vetoes.

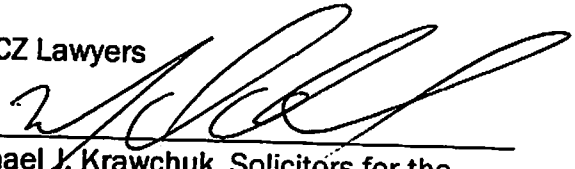
125. YBCI relied on Douglas Banzet's representations, vicariously GOFI's representations, to its detriment as:
- a) YBCI entered into the GOFI – YBCI Loan on onerous terms which, when acted upon by GOFI, prohibited YBCI from advancing funds to PDI to continue PDI's operations;
  - b) Dr. Goodenowe and YBCI approved the Med-Life Agreement;
  - c) YBCI, an unsecured creditor, did not oppose the appointment of an Interim Receiver for PDI; and
  - d) All of which, taken together:
    - i. Allowed GOFI, Concorde and PIC Investment to receive a benefit derived from PDI's assets they would not otherwise have received by virtue of their ownership interests or other interests in PDI; and
    - ii. Prohibited YBCI from receiving any return on its ownership and other interests in PDI.
126. YBCI states it was owed a fiduciary duty by Douglas Banzet. Notwithstanding YBCI being the majority Shareholder with the ability to appoint five Directors, the Super Majority Clause made YBCI's interests vulnerable to the exercise of the discretion or power of the other Directors, in particular those appointed by GOFI, CIC and the Dynex Group, and John Hyshka. The representations described in paragraph 123 led YBCI to repose trust and confidence in Douglas Banzet.
127. Douglas Banzet breached his fiduciary duty when he determined on, and carried out, a course of action to prefer the interests in PDI of himself, GOFI, Med-Life, John Hyshka, Peter Blaney, Barry Markowski, Concorde, PIC and Shawn Ritchie to the prejudice of YBCI's interests in PDI, by directing proceeds from a Liquidation Event to GOFI, Concorde and PIC in preference to and to the exclusion of YBCI, when GOFI, Concorde and PIC's Shares or debt instruments did not have such rights.

128. John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Grant Kook, Concorde, L. David Dube, PIC, Craig Bell, Shawn Ritchie, Med-Life, Christine Johnston and Tamara Harasen were aware of the fiduciary duty Douglas Banzet owed to YBCI, knowingly assisted in his breach of duty and benefitted from it.
129. Further, YBCI had a reasonable expectation that Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie and Christine Hrudka, as Directors of PDI, would act in the best interests of PDI, including avoiding conflicts of interest and refraining from taking advantage of corporate opportunities for their benefit.
130. Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie and Christine Hrudka breached this reasonable expectation by actively trying to, and did, prefer the interests of themselves, GOFI, Concorde, PIC, Shawn Ritchie and Med-Life over the interests of PDI. In doing so:
- a) Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie and Christine Hrudka placed themselves in a conflict of interest with the fiduciary duty they owed PDI; and
  - b) Douglas Banzet took advantage of a corporate opportunity, the assets of PDI, and diverted them for the benefit of GOFI, Concorde, PIC, Shawn Ritchie and Med-Life.
131. As a result of Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie and Christine Hrudka's breach of YBCI's reasonable expectations and fiduciary duty owed to PDI:
- a) Select Shareholders, GOFI, Concorde and PIC Investment, were preferred and benefitted from PDI's assets, as did other parties, Med-Life, Shawn Ritchie and PIC Flight; and
  - b) YBCI's interests in PDI were unfairly disregarded, prejudiced and oppressed.

132. GOFI, Grant Kook, Concorde, L. David Dube, PIC, Craig Bell, Shawn Ritchie, Med-Life, Christine Johnston and Tamara Harasen were aware of the fiduciary duty Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowski, Amar Bhalla, Stan Stewart, Cindy Ogilvie and Christine Hrudka owed to PDI, were aware of YBCI's reasonable expectations in relation to it, were aware of the consequences to YBCI of a breach, knowingly assisted in their breach and benefitted from it.
133. YBCI therefore claims the following against Douglas Banzet, John Hyshka, Peter Blaney, Barry Markowsky, Amar Bhalla, Stan Stewart, Cindy Ogilvie, Christine Hrudka, GOFI, Grant Kook, Concorde, L. David Dube, PIC, Craig Bell, Shawn Ritchie, Med-Life, Christine Johnston and Tamara Harasen, jointly and severally:
- a) Damages in an amount to be proven at Trial, but estimated to be greater than \$400,000,000.00;
  - b) Interest pursuant to *The Pre-judgment Interest Act*;
  - c) Costs on a solicitor and his own client basis; and
  - d) Such further relief as the Plaintiff may request and this Honourable Court may allow.

DATED at the City of Saskatoon, in the Province of Saskatchewan this 24<sup>th</sup> day of October, 2018.

WMCZ Lawyers

Per:   
Michael J. Krawchuk, Solicitors for the  
Plaintiff, Yolbolsum Canada Inc.

**CONTACT INFORMATION AND ADDRESS FOR SERVICE**

Name of firm:	WMCZ Lawyers
Lawyer in charge of file:	Michael J. Krawchuk
Address of legal firm:	410 - 475 2 <sup>nd</sup> Ave S Saskatoon, SK S7K 1P4
Telephone number:	306-659-1241
Fax number:	306-933-2006
Email address:	michael.krawchuk@wmcz.com
Our File No.	10465-22817