



June 9, 2017

TO: THE INVESTORS IN THE CRYSTAL WEALTH FUNDS

- and to -

CRYSTAL WEALTH DISCRETIONARY ACCOUNT HOLDERS

Further to our previous notices, we are providing an update on the status of the Receiver's efforts concerning the Crystal Wealth Funds.

By way of background, on April 26, 2017, the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Appointment Order**") appointing Grant Thornton Limited as receiver and manager (the "**Receiver**") of, among other entities and person, Crystal Wealth Management System Limited (the "**Company**") and the Crystal Wealth Funds. At that time, the Honourable Mr. Justice Newbould had set May 24, 2017 as the date by which Clayton Smith ("**Mr. Smith**") was to bring a motion if he wished to vary certain terms of the Appointment Order, including any request to access funds for the purpose of retaining counsel and for personal living expenses (we note that all of the personal accounts of Mr. Smith of which the Court was made aware were frozen as part of the Appointment Order).

On May 24, 2017, the Court directed Mr. Smith to serve and file his materials in support of any such motion with the Court by close of business June 1, 2017. The Receiver and Mr. Smith were to re-attend Court with counsel for the Ontario Securities Commission ("**OSC**") on June 2, 2017 to review the status and to set a schedule for the hearing of Mr. Smith's motion, if necessary.

Mr. Smith filed certain materials by the stated deadline of June 1, 2017. However, he did not file proper evidentiary materials in support of his proposed motion. Additionally, the relief that Mr. Smith was requesting was substantially different than that to which he advised the Court he would be seeking on May 24, 2017, and included a request that the Appointment Order and OSC Freeze Directions be rescinded. At the Court attendance on June 2, 2017, the Court declined to schedule Mr. Smith's proposed motion. The Court adjourned the attendance to June 23, 2017, and directed counsel to provide a progress report to the Court at that time.

At the June 2, 2017 Court hearing, Alistair Crawley, of the law firm Crawley MacKewn Brush LLP, attended to advise the Court of his firm's intention to bring a motion to be appointed as representative counsel for the investors in the Crystal Wealth Funds. Consistent to what the Receiver advised in its May 17th notice to investors, the Receiver advised the Court that the Receiver had not foreclosed on the concept of introducing representative counsel, but that it is premature to do so at this time. Moreover, the Receiver advised the Court that there might be other firms who would be considered for that mandate. As of June 8, 2017, no motion in this regard has been brought by Crawley MacKewn Brush LLP.

The Receiver continues to meet and correspond with external providers to the Crystal Wealth Funds and parties who manage certain investments within the Crystal Wealth Funds. The Receiver also continues to review extensive documentation concerning your investments in the Crystal Wealth Funds to determine the nature of the investments that are held and the legal

arrangement which govern those investments, all in an effort to arrive at a decision as to how it might maximize return to the investors.

The Receiver intends on issuing a report prior to the next scheduled Court hearing on June 23, 2017. This report will provide details on each of the Crystal Wealth Funds and the Receiver's recommendations in regards to monetization of the Crystal Wealth Funds, or the assets therein. In addition, the report will recommend to the Court a process to facilitate, where possible, an interim distribution to investors on an accelerated basis taking into account the liquidity/illiquidity of investment in each fund.

Please contact the Receiver at any time should you have any questions.

Contact details for the Receiver:

Toll Free Number: 1-866-448-5867

Email: crystalwealth@grantthornton.ca

Please continue to monitor the Receiver's Case Website at: www.grantthornton.ca/crystalwealth for further updates in connection with the Receiver's activities.

Grant Thornton Limited,

In its capacity as the Court-appointed Receiver and Manager of Crystal Wealth Management System Limited and the Crystal Wealth Funds, and not in its corporate or personal capacity