

TO: THE INVESTORS IN THE CRYSTAL WEALTH FUNDS

- and to -

CRYSTAL WEALTH DISCRETIONARY ACCOUNT HOLDERS

1. It has come to the Receiver's attention that Mr. Smith has recently sent certain communications to the Company's discretionary account holders, and to investors in the Crystal Wealth Funds, which:
 - a) inaccurately suggest that Mr. Smith was not given the opportunity to respond to the allegations made by Staff of the Ontario Securities Commission ("**Staff**") which gave rise to the Temporary Order and to the Extension Order issued by the Commission, and to Freeze Directions issued by the Commission on April 6, 2017 (collectively, the "**Freeze Directions**").

To the contrary, neither Mr. Smith nor the Company opposed the Extension Order, despite having had ample opportunity to respond to Staff's allegations, including in response to the evidence contained in the Tillie Affidavit (as defined below) and in the Ho Affidavit (as defined below) which were filed by Staff in support of the Extension Order.

- b) inaccurately states that Mr. Smith does not know when he will be given the opportunity to respond to Staff's allegations.

To the contrary, paragraph 1 of the Extension Order provides that while the Temporary Order is extended until October 3, 2017, or until further order of the Commission, it is extended "without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission". The Receiver confirms that Mr. Smith has not applied to the Commission to vary the Temporary Order.

- c) inaccurately suggests that Mr. Smith did not have sufficient time to respond to the Commission's application to appoint the Receiver, which application was heard at the Ontario Superior Court of Justice (Commercial List) on April 26, 2017 (the "**Receivership Application**").

In support of the Receivership Application, the Commission relied in large part on the affidavit of Marcel Tillie sworn April 17, 2017, and the exhibits attached thereto (the "**Tillie Affidavit**"), and the affidavit of Michael Ho sworn April 17, 2017, and the exhibits attached thereto (the "**Ho Affidavit**").

Mr. Smith's lawyer was provided with the Tillie Affidavit and the Ho Affidavit on or about April 18, 2017 in support of Staff's application to the Commission to continue to the Temporary Order. As indicated, Mr. Smith did not oppose the continuation of

the Temporary Order, and did not file any evidence with the Commission in response to the Ho Affidavit and Tillie Affidavit, despite having had the opportunity to do so.

Mr. Smith did not seek an adjournment of, or oppose, the Receivership Application. In Justice Newbould's endorsement issued along with the Appointment Order at the Receivership Application on April 26, 2017 (the "**Appointment Endorsement**"), His Honour accurately recorded that counsel for the Crystal Wealth Group was in attendance, and advised that the Crystal Wealth Group, which includes Mr. Smith, did not oppose the Receivership Application and that Justice Newbould was satisfied that the relief sought by the Commission was "fully justified". Accordingly, the Honourable Justice Newbould did not simply "rubber-stamp" the Appointment Order as Mr. Smith has suggested in his recent communications to investors.

- d) inaccurately sets out what Mr. Smith purportedly understands to be the options, and steps, which are being pursued by the Receiver at this time.

To the contrary, and as is indicated in the Receiver's Notice to Investors dated May 1, 2017, the intended plan of the Receiver is to continue its review of the business and affairs of the Company and of the Crystal Wealth Funds, and, if deemed advisable by the Receiver, take steps to monetize the Crystal Wealth Funds' assets, undertakings, and properties, in order to ultimately put forward a plan for approval to the Ontario Superior Court of Justice (Commercial List) for an orderly distribution of proceeds to security holders.

The Receiver continues to diligently undertake its review, which process has been complicated by the fact that the books and records kept by the Company with respect to the Crystal Wealth Funds have not been maintained in a readily reviewable manner.

2. All inquiries concerning the activities of the Receiver should be sought from the Receiver directly, and not from Mr. Smith.
3. A copy of the Appointment Order can be found on the Receiver's Case Website at: www.grantthornton.ca/crystalwealth. The Freeze Directions are appended to Schedules A and B of the Appointment Order.
4. A copy of the Appointment Endorsement can be found on the Receiver's Case Website at: www.grantthornton.ca/crystalwealth
5. A copy of the Temporary Order can be found on the Commission's website at: http://www.osc.gov.on.ca/en/Proceedings_rad_20170407_crystal-wealth.htm
6. A copy of the Extension Order can be found on the website of the Commission at: http://www.osc.gov.on.ca/en/Proceedings_rad_20170428_crystal-wealth.htm
7. A copy of the Receiver's Notice to Investors dated May 1, 2017 can be found on the website of the Receiver at: www.grantthornton.ca/crystalwealth

8. 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.

DATED at Toronto, Ontario, this 10 day of May, 2017

Grant Thornton Limited,

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