



Court File No.: \_\_\_\_\_

*ONTARIO*  
SUPERIOR COURT OF JUSTICE

B E T W E E N:

**SHANE MCCORMICK**

Plaintiff

– and –

**CHESSWOOD GROUP LTD., RYAN MARR, and TOBIAS RAJCHEL**

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**STATEMENT OF CLAIM**

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyers or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFFS' CLAIM, and \$5,000.00 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

Date Issued:	Issued by: <hr/> Local Registrar
	<i>Address of Court Office:</i> Superior Court of Justice 330 University Avenue, 7th Floor Toronto, Ontario, M5G 1R8

**TO:**

**CHESSWOOD GROUP LIMITED**

Legal Department  
1133 Yonge Street, Suite 603  
Toronto, Ontario, M4T 2YT  
Tel: (416) 624-2263

## DEFINED TERMS

1. In addition to the terms defined in ss. 1(1) and 138.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, and elsewhere herein, the following capitalized terms used throughout this Statement of Claim have the meanings indicated below:

- (a) “**Class (OSA Statutory)**” means all beneficial owner persons, other than Excluded Persons, who acquired Chesswood’s common shares during the Class Period and who held some or all of those common shares until after the release of at least one of the Public Corrective Disclosures;
- (b) “**Class (Common Law)**” means all Canadian beneficial owner entities and persons, other than Excluded Persons, who acquired Chesswood’s common shares and who held some or all of those common shares until after the release of at least one of the Public Corrective Disclosures;
- (c) “**Class Period**” means May 9, 2023, through July 22, 2024, for the cause of action under the OSA;
- (d) “**Company**” or “**Chesswood**” means Chesswood Group Ltd.;
- (e) “**CPA**” means the *Class Proceedings Act, 1992*, S.O. 1992, c. 6, as amended;
- (f) “**Debt Covenants**” means debt and financial covenants relating to Chesswood’s syndicated revolving credit facility;
- (g) “**Excluded Persons**” means any of the Defendants, their executives, family members and business partners during the Class Period, and any business entities in which any family member of the Individual Defendants had a controlling interest during the Class Period, including Daniel Wittlin and HB Leaseco Holdings Inc;

- (h) “**Impugned Documents**” means the documents and statements released on May 9, 2023 August 8, 2023, November 6, 2023, January 22, 2024, March 14, 2024, and May 8, 2024;
- (i) “**Marr**” means Defendant Ryan Marr;
- (j) “**MD&A**” means Management’s Discussion and Analysis;
- (k) “**OSA**” means the *Securities Act*, R.S.O. 1990 c. S.5, as amended;
- (l) “**OBCA**” means the Ontario Business Corporations Act, RSO 1990, c B.16, as amended;
- (m) “**Public Corrective Disclosures**” means the material facts released to the market on June 14, 2024, July 22, 2024, and August 7, 2024;
- (n) “**Rajchel**” means Defendant Tobias Rajchel; and
- (o) “**SRCF**” means Chesswood’s syndicated revolving credit facility.

## **CAUSES OF ACTION**

2. The causes of action asserted by the Plaintiff, on behalf of it and the Classes in this proceeding, are:

- (a) Common law secondary market misrepresentations; and,
- (b) If Part XXIII.1, s. 138.8 of the *OSA* is granted, statutory secondary market negligent misrepresentations, pursuant to Part XXIII.1, s. 138.3 of the *OSA*.

## **RELIEF CLAIMED**

3. The Plaintiff claims on his own behalf and on behalf of the members of the Class, subject to further disclosures, discovery and due diligence:

- (a) an order pursuant to s. 5 of the *CPA* certifying this action as a class proceeding and appointing him as the representative plaintiff for the Class advancing the causes of action identified herein;
- (b) a declaration that the Impugned Documents released by the Defendants contained misrepresentations related to the Company's business, operations and finances because the documents omitted material facts;
- (c) subject to common law and Part XXIII.1 of the *OSA*, damages in a sum to be determined, or such other sum as this Court finds appropriate at the trial of the common issues or at a reference or references;
- (d) an order directing a reference or giving such other directions as may be necessary to determine issues not determined in the trial of the common issues;
- (e) prejudgment and post-judgment interest, compounded, or pursuant to ss. 128 and 129 of the *CJA*;
- (f) costs of this action on a full indemnity scale, or in an amount that provides substantial indemnity, plus, pursuant to s. 26(9) of the *CPA*, the costs of administering the plan of distribution of the recovery in this action; and
- (g) such further and other relief that this Honourable Court deems just.

## **NATURE OF THIS ACTION**

4. Chesswood is an Ontario corporation and a responsible issuer under the *OSA* that is publicly traded. Chesswood reports itself as a holding company whose subsidiaries engage in the business of specialty finance (including equipment finance throughout North America, vehicle finance in Canada, and legal sector finance in Canada), as well as the origination and management of private credit alternatives for North American investors.

5. Prior to the Class Period, Chesswood entered into the SRCF, which included numerous Debt Covenants. The total mix of information to the market was that the access to capital from the SRCF was materially important to Chesswood. Prior to and during the Class Period, Chesswood amended the terms of the SRCF multiple times.

6. During the Class Period, Chesswood published material fact news that its business operations and financials were doing well, that it was in compliance with the SRCF's Debt Covenants, and that investors could rely upon its published financial statements and MD&As as being accurate.

7. However, and reflected by the Public Corrective Disclosures, Chesswood negligently reported that these topics were accurate as reflected by its own admissions that investors should no longer rely upon its financial records, that it would be required to restate its financial records relating to multiple financial measures, and that it no longer had the ability to complete its current financial statements.

8. On June 14, 2024, Chesswood reported an ambiguous statement that it was in breach of its minimum borrowing base debt covenant associated with its SRCF, being forced to sell assets, but that investors could still rely upon its previously released financial statements. The

market impact of this public corrective disclosure caused the price of Chesswood's shares to diminish from \$7.49 down to \$3.75, or a drop of approximately 50%.

9. On July 22, 2024, Chesswood released a statement that it would need to restate its Q1 2024 financial statements and MD&A as they related to its SRCF, the breach of the debt covenants, write-downs of intangibles and goodwill as well as long-lived assets and tax assets, the suspension of borrowing capacity and originations by its subsidiaries Pawnee Leasing Corporation and Rifco, and implicitly reported that it still could not file its continuous disclosure core documents for the period for Q2 2024. The market impact of this negative material fact news was harsh and immediate on the price for Chesswood's securities, sending Chesswood's share price from \$2.81 to \$2.66, which continued to fall through the next day down to \$2.35.

10. On August 7, 2024, Chesswood supplemented its prior statement by advising the markets that it would restate its Q1 2024 and F/2023 audited annual financial statements. The market impact of this negative material fact news was harsh and immediate on the price for Chesswood's securities, sending Chesswood's share price from \$3.64 to \$3.13, which continued to fall through the next day down to \$2.72.

11. By August 15, 2024, however, Chesswood's securities closed at \$0.90, Chesswood was without the ability to release financial statements, and had been forced to sell substantial assets to HB Leaseco Holdings Ltd. (a company affiliated with one of Chesswood's directors).

12. As of September 3, 2024, the Ontario Securities Commission revoked Chesswood's ability to allow secondary market trading of its securities and Chesswood has ceased providing continuous disclosures to the markets.

13. The Plaintiff and putative Classes suffered a foreseeable economic loss from the market impact of the Public Corrective Disclosures which contradicted the previous material fact statements as described within the Impugned Documents and from the destruction of the corporation's goodwill, as described below.

#### **THE PLAINTIFF**

14. The Plaintiff is located in the province of Alberta. Prior to and during the Class Period he relied upon the Company's core and non-core documents. During the Class Period, the Plaintiff purchased shares of Chesswood on August 9, 2023, and June 20, 2024. He still owns 707 shares because of the halt-trading order.

15. The Plaintiff:

- (a) has disclosed a cause of action for common law negligent misrepresentations seeking damages for (i) purchasing shares at artificially high prices during the Class Period; and (ii) purchasing shares at any time and holding them after the date that the Defendants' released statements that artificially inflated the price of Chesswood's shares;
- (b) in good-faith believes that there are more than several similarly situated investors like him, i.e., that purchased Chesswood's shares at artificially high prices and/or held said shares during a period prior to the release of the Public Corrective Disclosures but were not informed by Chesswood of all the material facts relating to the breach of the Debt Covenants and suffered an economic injury;
- (c) in good-faith believes that he shares the same common issues as other similarly situated investors;



- (d) in good-faith believes that a class proceeding would be the preferable procedure for the resolution of the common issues, and specifically, for the Canadian, causes of action advanced herein, especially when Chesswood was formed under the OBCA, is located in Ontario and markets itself to investors as being an Ontario responsible issuer; and
- (e) in good-faith retained Class Counsel who are experienced in Canadian and U.S. shareholder class action litigation that can adequately represent him and the putative members of the Classes, can produce the same type of Litigation Plan in other similar shareholder class actions; and does not believe that there are any conflicts of interest with the putative members of the Classes.

## **THE DEFENDANTS**

### ***Chesswood Group Limited***

16. Chesswood is an Ontario incorporated and Toronto based holding company whose subsidiaries engage in the business of specialty finance (including equipment finance throughout North America, vehicle finance in Canada, and legal sector finance in Canada), as well as the origination and management of private credit alternatives for North American investors under the brands and/or subsidiaries: (a) Pawnee Leasing Corporation (U.S. market); (b) Tandem Financial Inc. (U.S. market); (c) Vault Credit Corp. (Canadian small-medium business market); (d) Vault Home Credit Corp. (Canadian consumer market); (e) Waypoint Investment Partners Inc., Chesswood Capital Management Inc., and Chesswood Capital Management USA Inc. (credit alternatives and factoring); (f) Rifco National Auto Finance Corp. (Canadian auto loans); and, (e) Easy Legal (loans relating to the Canadian medical and legal industries).

17. Chesswood is a reporting issuer for purposes of Ontario securities laws and subject to the continuous disclosure requirements of the *OSA* and Part XXIII.1 of the *OSA*; its head office is located at 1133 Yonge Street, Suite 603, Toronto, Ontario, M4T 2Y7.

18. Chesswood's common shares, which have a CUSIP identifier number of 50202P, were listed under the ticker symbol "CHW" on the TSX, "Y30.F" on the FRA, and "CHWWF" on the U.S. over-the-counter market.

19. In its 2023 Annual Report, Chesswood reported that it had 18,309,104 common shares outstanding excluding the shares issuable in exchange for 1,274,601 Class B common shares and 203,936 Class C common shares of Chesswood U.S. Acquisitionco Ltd. issued as partial consideration for the acquisition of Pawnee Leasing Corporation, and which are fully exchangeable at any time for Chesswood's common shares.

20. Chesswood relied upon Ernst & Young LLP ("**E&Y**") as its independent auditor, which on March 14, 2024, certified that it audited the consolidated financial statements for 2022 and 2023. E&Y reported that Chesswood's consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chesswood as of December 31, 2023 and in accordance with International Financial Reporting Standards. E&Y's opinion, however, was incorrect because Chesswood negligently reported its books and records to it.

***Ryan Marr***

21. Marr served as Chesswood's President and CEO at all relevant times and abruptly resigned on July 8, 2024. In this position he had, or should have had, access to all material fact information about: (i) the status of the Debt Covenants and (ii) whether Chesswood was in compliance with all Debt Covenants. Marr had or should have been able to ensure that

Chesswood did not incorrectly report that it was in compliance with all Debt Covenants when it was not, or that it had received waivers of breach(es) of the Debt Covenants from all parties.

22. Marr signed certifications accompanying each of the Company's quarterly filings throughout the Class Period which stated that the financial statements and MD&A were fairly stated and did not contain any untrue statements of material fact, when in fact they did.

***Tobias Rajchel***

23. Rajchel served as Chesswood's CFO at all relevant times. In this position he had, or should have had, access to all material fact information about: (i) the status of the Debt Covenants and (ii) whether Chesswood was in compliance with all Debt Covenants. Rajchel had or should have been able to ensure that Chesswood did not incorrectly report whether it was in compliance with all Debt Covenants, or that it had received waivers of breach of the Debt Covenants from all parties.

24. Rajchel signed certifications accompanying each of the Company's quarterly filings throughout the Class Period which stated that the financial statements and MD&A were fairly stated and did not contain any untrue statements of material fact, when in fact they did.

**THE TOTAL MIX OF INFORMATION**

25. On **March 16, 2023**, Chesswood released its F/2022 audited annual financial statements, MD&A, and other core documents, including NI 52-109s, affirming that:

- (a) On January 14, 2022, Chesswood renegotiated its SRCF to allow borrowings of up to US\$300 million. Chesswood exercised the accordion feature under this revolving credit facility in Q4 2022, which expanded its capacity further to US\$386.7 million;

- (b) The SRCF was secured by the Company's (and most of its subsidiaries') assets, contains covenants including maintaining leverage and interest coverage ratios, and expires on January 14, 2025;
- (c) This SRCF allows Chesswood to internally manage the allocation of capital to its financial services businesses in Canada and the United States. The credit facility supports growth in finance receivables, provides for Chesswood's working capital needs, and for general corporate purposes. The facility, available in U.S. dollars or Canadian dollars, also improves the Company's financial flexibility by centralizing treasury management and making the provision of capital to individual businesses more efficient; and
- (d) Chesswood was not in breach of any debt covenants and enjoyed substantial intangible and goodwill as well as long-lived assets and deferred tax assets.

26. On **May 9, 2023**, Chesswood updated the total mix of information to the market about its capital, financials, and operations by releasing its Q1 2023 financial statements, MD&A, and other core documents, including NI 52-109s, affirming that:

- (a) Intangible assets totalled \$30.4 million as at March 31, 2023;
- (b) Goodwill totalled \$48.1 million as at March 31, 2023;
- (c) The Company's deferred tax assets increased by \$0.6 million to \$7.9 million;  
and
- (d) Chesswood was not in breach of any debt covenants and enjoyed substantial intangible and goodwill as well as long-lived assets and deferred tax assets.

27. Through the final Public Corrective Disclosure, Chesswood reported that it may need to restate its F/2023 audited financial statements without ever disclosing any further information about this topic as of the date of the filing of this pleading.

28. On **August 8, 2023**, Chesswood updated the total mix of information to the market about its capital, financials, and operations by releasing its Q2 2023 financial statements, MD&A, and other core documents, including NI 52-109s, affirming that:

- (a) Intangible assets totalled \$29.6 million as at June, 2023;
- (b) Goodwill totalled \$47.8 million as at June 30, 2023;
- (c) The Company's deferred tax assets decreased to \$2.5 million; and
- (d) Chesswood was not in breach of any debt covenants and enjoyed substantial intangible and goodwill as well as long-lived assets and deferred tax assets.

29. Through the final Public Corrective Disclosure, Chesswood reported that it may need to restate its F/2023 audited financial statements without ever disclosing any further information about this topic as of the date of the filing of this pleading.

30. On **November 6, 2023**, Chesswood updated the total mix of information to the market about its capital, financials, and operations by releasing its Q3 2023 financial statements, MD&A, and other core documents, including NI 52-109s, affirming that:

- (a) Intangible assets totalled \$29.1 million as at September 30, 2023;
- (b) Goodwill totalled \$48.1 million as at September 30, 2023;
- (c) The Company's deferred tax assets decreased to \$3.3 million; and
- (d) Chesswood was not in breach of any debt covenants and enjoyed substantial intangible and goodwill as well as long-lived assets and deferred tax assets.

31. Through the final Public Corrective Disclosure, Chesswood reported that it may need to restate its F/2023 audited financial statements without ever disclosing any further information about this topic as of the date of the filing of this pleading.

32. On **January 22, 2024**, Chesswood updated the total mix of information to the market about its capital, financials and operations by releasing a statement that it had created a Special Committee to evaluate its business, and soon after announced that it hired a prominent law firm and an investment bank in Toronto to assist.

33. The Plaintiff alleges that Chesswood negligently reported this information and, in fact, certain of the RSCF debt and financial covenants were already in breach at this time.

34. On **March 14, 2024**, Chesswood updated the total mix of information to the market about its capital, financials, and operations by releasing its F/2023 audited financial statements, MD&A, and other core documents, including NI-52-109s, affirming that:

- (a) Intangible assets totalled \$20.1 million as at December 31, 2023;
- (b) Goodwill totalled \$33.5 million as at December 31, 2023;
- (c) The Company's deferred tax assets decreased to \$12 million; and
- (d) Was not in breach of any debt covenants and enjoyed substantial intangible and goodwill as well as long-lived assets and deferred tax assets.

35. Through the final Public Corrective Disclosure, Chesswood reported that it may need to restate its F/2023 audited financial statements without ever disclosing any further information about this topic as of the date of the filing of this pleading.

36. On **May 8, 2024**, Chesswood updated the total mix of information to the market about its capital, financials, and operations by releasing its Q1 2024 financial statements, MD&A, and other core documents, including NI-52-109s, affirming that:

- (a) Intangible assets totalled \$19.9 million as of March 30, 2024;
- (b) Goodwill totalled \$33.5 million as of March 30, 2024;
- (c) The Company's deferred tax assets increased to \$12 million; and
- (d) Chesswood was not in breach of any debt covenants and enjoyed substantial intangible and goodwill as well as long-lived assets and deferred tax assets.

37. Through the final Public Corrective Disclosure, Chesswood reported that it may need to restate its Q1 2024 financial statements without ever disclosing any further information about this topic as of the date of the filing of this pleading.

### **THE PUBLIC CORRECTIVE DISCLOSURES**

38. On **June 14, 2024**, Chesswood released a statement that contrary to representations made earlier in the year, it was still in breach of debt covenants associated with its \$300 million SRCF. Chesswood also reported that this would not affect the calculation of its receivables or other assets reported in its previously published core documents; but this was a misrepresentation as the market would learn a month later.

39. The market impact of this negative material fact news was harsh and immediate on the price for Chesswood's securities; sending Chesswood's share price from \$7.49 to \$3.75.

40. On **July 22, 2024**, before the market opened, Chesswood released a statement that it would need to restate its 1Q 2024 financial statements and MD&A as a result of its previously disclosed errors in calculating its borrowing base for the purposes of its SRCF and would be required to:

- (a) Write down goodwill and intangible assets by material amounts;
- (b) Write down deferred tax assets and liability by material amounts;
- (c) Disclose that it was not in compliance with the SRCF's Debt Covenants; and

(d) Disclose that it would have a going concern warning.

41. For savvy investors this negative news implicitly reported that it still could not file its continuous disclosure core documents for the period of 1Q and 2Q 2024.

42. The market impact of this negative material fact news was harsh and immediate on the price for Chesswood's securities; sending Chesswood's share price from \$2.81 to \$2.66, which continued to fall through the next day down to \$2.35. Over the course of the following ten (10) days, Chesswood's share price dropped from \$2.66 to \$1.67.

43. On **July 30, 2024**, Chesswood announced that Daniel Wittlin was resigning as director of Chesswood, effectively immediately, in part, to allow him to manage his potential conflict of interest with Chesswood due to his association with HB Leaseco Holdings Ltd.

44. On **August 6, 2024**, Chesswood announced that due to the defaults, it would be forced to sell its financial interests in Vault Credit, Vault Home, and certain portfolio receivables of Pawnee Leasing. It also announced that it received notice that it was in default of another securitized facility agreement (but omitted to disclose which).

45. On **August 7, 2024**, Chesswood announced that it would not be able to release its 2Q 2024 financial statements and MD&A, that it was investigating whether it would also restate its F/2023 financial statements, and that its securities would be subject to a failure to file cease trade order, i.e., the securities ceased trading and there is no longer a public market for these securities.

46. On **August 9, 2024**, Chesswood announced that it was selling its interests in Vault Credit, Vault Home, and certain portfolio receivables of Pawnee Leasing to HB Leaseco Holdings Ltd., (i.e., Daniel Wittlin's company).



47. On **August 16, 2024**, Chesswood's securities became subject to a failure to file cease trade order, i.e., the securities ceased trading and there is no longer a public market for these securities.

48. Chesswood has ceased providing continuous disclosure statements to the markets and, in Canada, its securities are a value of \$0.00; and in the United States the value is \$0.18 as of the date of this Pleading.

### **COMMON LAW**

49. The directors owed a duty of care to the Class Members based upon a special relationship by certifying certain of the Impugned Documents did not contain misrepresentations to the members of the Class and be seeking members of the Classes' vote as a director of the Defendant's directors.

50. The Plaintiff relied upon the material fact statements within the Impugned Documents and in other related non-core documents/statements released on SEDAR in making a decision to purchase the Defendant's securities and to hold all of those securities until the release of the Public Corrective Disclosures.

51. It was reasonable for members of the Class to rely upon the Defendant's core documents in making a decision to invest as reflected by the act of purchasing the Defendant's securities and the belief that the price or value of the Defendant's securities would go up in price or value and continue to pay dividends.

52. The Impugned Documents contain misrepresentations of material fact.

53. The Defendant, i.e., through its directors and officers, breached the applicable standard of care as set out above by either: negligently monitoring and reporting on the Debt Covenants

necessitating a restatement of its financial statements; or having the accurate material facts but negligently reporting the material facts within the Impugned Documents and statements by:

- (a) omitting the material fact terms and conditions of the Debt Covenants associated with the SRCF and any other credit facility that was linked thereto by way of cross-default situations;
- (b) omitting the material facts arising at some point during the Class Period and which were publicly corrected on June 14 and July 22, 2024, to be determined during discovery, concerning the status and the non-compliance of the Company and the Debt Covenants;
- (c) misrepresenting that the Company's financial statements could be relied upon; and
- (d) omitting to disclose the material facts why Defendant Marr abruptly resigned.

54. The Plaintiff and members of the Class suffered a direct and foreseeable economic injury by purchasing the Defendant's securities at a time when the investment price and value was artificially inflated, and holding all or some of the artificially priced securities until after the Defendant released the Public Corrective Disclosures.

#### **ONTARIO SECURITIES ACT**

55. Under the guidelines of the OSA, Chesswood is a responsible issuer and subject to the continuous disclosure requirements of the OSA.

56. Under the guidelines of the OSA, the Individual Defendants were Influential Persons and Directors and Officers of Chesswood.

57. Under the guidelines of the OSA, Daniel Wittlin was an Influential Person and Director and Officer of Chesswood.

58. Under the guidelines of the OSA, E&Y was the auditor of Chesswood that reported that Chesswood's F/2023 financial statements fairly represented Chesswood's consolidated financial position for annual 2022 and 2023.

59. Subject to s. 138.8 of the OSA, the Plaintiff will advance the s. 138.3 of the OSA cause of action.

60. Subject to disclosures or discovery, the Plaintiff may invoke s. 138.7(2) of the OSA.

### **REAL AND SUBSTANTIAL CONNECTION WITH ONTARIO**

61. The Plaintiff pleads that this action has a real and substantial connection with Ontario and for the application of Ontario substantive and procedural laws on behalf of all Class Members for the following non-exhaustive reasons:

- (a) Chesswood is a reporting issuer in Ontario, incorporated pursuant to the OBCA, and is headquartered in the city of Toronto, Ontario;
- (b) The Plaintiff purchased shares of Chesswood in Toronto on the Toronto Stock Exchange;
- (c) Chesswood's auditor is located in Toronto, Ontario;
- (d) Likely, the relevant directors and officers' insurance policy to finance the defense of this litigation is based in Ontario; and
- (e) The causes of action advanced herein could not be advanced in any known jurisdiction, globally.

**RELEVANT LEGISLATION, PLACE OF TRIAL AND JURY TRIAL**

62. The Plaintiff pleads and relies upon the *CJA*, *CPA*, *OBCA*, *OSA*, as well as the Alberta *Securities Act*.

63. The Plaintiff proposes that this action be tried in the City of Toronto, in the Province of Ontario, as a proceeding under the *CPA*.

64. The Plaintiff may serve a jury notice.

**BERGER MONTAGUE (CANADA) PC**

330 Bay Street, Suite 1302

Toronto, ON M5S 2S8

Tel: (647) 576-7840, ext. 1

**Andrew Morganti (LSO#: 57895E)**

[amorganti@bm.net](mailto:amorganti@bm.net)

*Lawyer for the Plaintiff*

Court File No.:

**SHANE MCCORMICK**  
Plaintiff

and

**CHESSWOOD GROUP LTD. et al.**  
Defendants

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**PROCEEDINGS COMMENCED AT TORONTO**

**STATEMENT OF CLAIM**

**BERGER MONTAGUE (CANADA) PC**

330 Bay Street, Suite 505  
Toronto, Ontario, M5H 2S8  
Tel: (647) 576-7840, ext. 1

**Andrew Morganti** (LSO# 57895E)  
[amorganti@bm.net](mailto:amorganti@bm.net)

*Lawyers for the Plaintiff*