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February 7, 2019

Canada Revenue Agency  
Prairie Region  
South Alberta Tax Services Office  
Room 374, 220-4 Avenue SE  
Calgary, AB T2G 0L1

Dear Sir/ Madam

**Re: Arnold Breitzkreutz, Base Finance Ltd., Base Mortgage & Investments Ltd. and Susan Elizabeth Way**

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On October 15, 2015, BDO Canada Limited ("BDO") was appointed as Receiver of the assets, undertaking and properties of Base Finance Ltd. and Base Mortgage & Investments Ltd. (collectively "the Companies"), pursuant to a Court Order granted by the Court of Queen's Bench of Alberta.

To date, seven (7) Court reports have been filed with the Court, providing information on the actions and findings of the Receiver. Copies of these reports, affidavits and Court Orders can be accessed on BDO's website at [www.extranets.bdo.ca/base/](http://www.extranets.bdo.ca/base/)

The stated intent of the business was to act as the investment company where the investor funds were deposited and distributed. Base Finance regularly paid an administrative fee to Base Mortgage in addition to rent. Both companies operated concurrently out of 724 - 55<sup>th</sup> Avenue SW, Calgary.

The Companies were incorporated and registered in 1984 to carry on business in the Province of Alberta, with Mr. Arnold Breitzkreutz as the sole director and shareholder of the Companies. Mr. Breitzkreutz advises that the stated original intent of the Base Mortgage & Investments Ltd. ("Base Mortgage") business was to act as mortgage broker for Alberta based mortgages, and the original intent of Base Finance Ltd. ("Base Finance") was the investment company, where the investor funds would be deposited and distributed. The Alberta Securities Commission ("ASC") as well as the receiver, determined that virtually no brokering had been done since 2006.

As described in both the Third Report of the Receiver dated May 9, 2016, as well as the Seventh Report of the Receiver dated January 14, 2019, the receiver completed a detailed review of the known bank accounts identified to date, for the periods available, as follows:

Base Finance

Bank of Montreal ("BMO") Acct 0526 1028-098 August 2006 to May 2014

Royal Bank of Canada ("RBC") Acct 101-405-0 May 2014 to September 2015

Base Mortgage

Royal Bank of Canada ("RBC") Acct 101-288-9 August 2004 to September 2015

It should be noted there was an additional account that was not summarized as part of the receiver's initial investigations, as there were minimal transactions, which occurred in the account, as follows:

Base Finance

Bank of Montreal ("BMO") Acct 0526 4601-089 August 2004 to July 2011

Base Mortgage

Royal Bank of Canada ("RBC") Acct 101-289-7 August 2004 to February 2015

During the detailed review period of August 1, 2006 to October 15, 2015 it was determined that primarily, the majority if not all of the Base Finance Ltd assets were in Canada or derived from revenue from within Canada and not oil and gas properties in the USA. This can be referenced in the Third Report of the Receiver in paragraphs 34 to 36, as well as the Seventh Report of the Receiver in paragraphs 87 to 89.

Based on this review, the Receiver has concluded that during the above periods, the majority of transactions in these accounts were deposits and payments to investors in Canada, with no indication of investments into oil and gas investments in Texas. The fact that there is no indication of investment in oil and gas in Texas is further detailed in the above-noted reports. This was also the findings of the ASC decision of March 2, 2018, and the investigations of the RCMP, which found that the Companies conducted a Ponzi scheme which new investor's funds were used to pay principal and returns to earlier investors, all residing in Canada. All documents relating to these findings can be found on the website noted above.

The most current Seventh Report of the Receiver reaffirms that majority if not all of the Base Finance Ltd assets were in Canada or derived from revenue within Canada and not oil and gas properties in the USA.

Should any investor or interested party have further questions or concerns, please do not hesitate to contact the undersigned.

BDO Canada Limited  
In its capacity as Court Appointed Receiver of  
Base Finance Ltd. and Base Mortgage & Investments Ltd.

Per:



David Lewis, CPA, CIRP, Licensed Insolvency Trustee  
Vice President  
BDO Canada Limited