

**NOTICE OF HEARING TO APPROVE PROPOSED SETTLEMENT
ADMINISTRATION PLAN IN THE SAMJI PONZI SCHEME CLASS ACTION**

PLEASE READ THIS NOTICE CAREFULLY.

THIS NOTICE AFFECTS YOUR LEGAL RIGHTS.

TO: *Class Members*

WHAT IS THIS NOTICE ABOUT?

Class Counsel have prepared a plan for the administration of the settlement funds received from TD, RBC, and the Coast Capital Defendants in *Jer et al. v. Samji et al.*, SCBC Action No. S-121627 (Vancouver). A copy of the proposed Settlement Administration Plan is attached.

The proposed Settlement Administration Plan sets out the methodology for how claims will be evaluated and settlement funds paid out to Class members. At this time, Class members will not be receiving any funds under the settlement. The Plan establishes a process for how those claims will subsequently be handled.

The proposed Settlement Administration Plan is subject to Court approval.

WILL THE COURT APPROVE THE PROPOSED SETTLEMENT ADMINISTRATION PLAN?

The Court will review the proposed Settlement Administration Plan to determine whether it is fair, reasonable and in the best interests of the Class. The Plan will not take effect until the Court has approved the Plan.

The Settlement Administration Plan approval hearing will take place on **Wednesday, November 26, 2014 at 9:00 am** at the courthouse at 800 Smithe Street, Vancouver, B.C. Class members may attend.

The application materials for approval of the Settlement Administration Plan will be available at www.samjiclassaction.com.

WHAT OPTIONS DO CLASS MEMBERS HAVE?

Class Members have the option of supporting or opposing the Settlement Administration Plan. If you support the Plan, you are not required to take any steps at this time. If you intend to oppose the Plan, see the next section for instructions.

OBJECTING TO THE PROPOSED SETTLEMENT

Class Members are entitled to object to the proposed Settlement Administration Plan or any of its terms.

Objections must be made in writing in advance of the application for approval of the Settlement Administration Plan by way of a letter or email. The letter or email objection must set out the names of the objector(s) and the specific basis for the objection.

The letter or email objection must be received by Class Counsel by **4:00 p.m.** on **Friday, November 21, 2014**, by e-mail to info@samjiclassaction.com or mail or courier to Hordo Bennett Mounteer LLP, 1400 – 128 West Pender St, Vancouver BC V6B 1R8, “Attention: Samji Class Action”.

The objections will be put before the Court. It will be up to the Court to decide at the hearing whether to permit Class members to present their objections orally, if they wish to do so.

**MORE INFORMATION ABOUT THE PROPOSED SETTLEMENT
ADMINISTRATION PLAN**

Contact info@samjiclassaction.com or visit www.samjiclassaction.com.

This notice has been authorized by the Supreme Court of British Columbia

Do not contact the Court about this notice

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LAWRENCE BRIAN JER, JUN JER AND JANETTE SCOTT

PLAINTIFFS

AND:

RASHIDA SAMJI, RASHIDA SAMJI NOTARY CORPORATION, SAMJI & ASSOC.
HOLDINGS INC., AND SOCIETY OF NOTARIES PUBLIC OF BRITISH COLUMBIA

DEFENDANTS

Brought under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50

SETTLEMENT ADMINISTRATION PLAN

1. Determination of Each Class Member's Net Principal Loss

The Trustee in Bankruptcy for Rashida Samji, in conjunction with class counsel, will calculate the net principal loss for each investor in the Samji Ponzi scheme based on available records concerning the investments made in and payments received from the scheme.

Notice will be given by the Trustee in Bankruptcy of the amount of each investor's net principal loss which will constitute the investor's claim in the bankruptcy, pursuant to a claims process order made in the Samji bankruptcy proceeding. Investors will have the opportunity to dispute the calculation of their claim in the bankruptcy proceeding, in accordance with the terms of the claims process order.

The amount of each class member's principal loss as settled in the bankruptcy proceeding will be final and will form the basis for the calculation of their settlement entitlement in the class action. Once the amount of each class member's net principal loss has been settled in the bankruptcy, no further challenge may be made by the class member to the calculation of that net principal loss in the settlement distribution process.

2. Litigation Risk Adjustment for Class Members' Claims Against the Banks

Once the amount of each class member's net principal loss has been finally settled in the bankruptcy, each class member's claim will be adjusted to reflect the differential litigation risks of various class members' claims against the former Defendants, Royal Bank of Canada ("RBC"), and Toronto-Dominion Bank ("TD"), collectively "the Banks". This adjusted litigation value will be used to calculate each class member's pro-rata entitlement to payment from the Bank Settlement Fund, as set out in section 3 below. For clarity, this adjusted value is not the amount each class member will receive from the Bank Settlement Fund.

Class members' claims will be adjusted by allocating their net principal loss among the following groups of claims and applying the applicable percentage for that group to the loss so allocated:

- (a) Group A: losses attributable to amounts invested between November 27, 2009 and April 27, 2010 pursuant to instruments processed by RBC and losses attributable to amounts invested after April 27, 2010 by class members who had made investments before that date pursuant to instruments processed by RBC: 65%.
- (b) Group B: losses attributable to amounts invested prior to November 27, 2009 and which are attributable either to instruments payable in trust and processed by RBC, or to non-trust instruments processed by RBC which were preceded by an investment by the class member made pursuant to an instrument payable in trust and processed by RBC: 65%.
- (c) Group C: losses which fall within either Groups A or B, where the class member had an account at RBC at the time the investments were made which resulted in those losses: an additional 5% for total of 70%.
- (d) Group D: losses which do not fall within Group A and are attributable either to instruments payable in trust and processed by TD or Vancouver City Savings Credit Union ("Vancity"), or to non-trust instruments processed by TD or Vancity which were preceded by an investment by the class member made pursuant to an instrument payable in trust processed by the same financial institution: 55%.
- (e) Group E: losses attributable to all other investments, which are attributable to non-trust instruments processed through RBC, TD and Vancity that do not fall within Groups A to D: 35%.

A class member's net principal loss will be allocated to particular investments made by the class member on the basis of the first in/first out principle. Payments received by the investor will be deemed to have been received in repayment of the first investment made by the investor, and then the next investment and so on.

To illustrate how the allocation process will work, suppose an investor has made three investments in the Ponzi scheme of \$100,000 each, the first in 2007, the second in 2009, and the third in 2011. Suppose the total payments received from the scheme total \$150,000, leaving the investor with a net principal loss of \$150,000. Under the first-in, first-out principle, the payments received by the class member are deemed to have been received against repayment of the first money into the scheme. This means that for this investor, the payments received by the investor are deemed to be in repayment of the first \$100,000 invested in 2007 and \$50,000 of the second \$100,000 invested in 2009. The net principal loss of \$150,000 is attributable to the remaining \$50,000 of the second investment in 2009, and a \$100,000 to the third investment in 2011.

Since this hypothetical investor's first two cheques were processed through RBC, the loss attributable to the third \$100,000 investment in 2011 will fall into either Group A or C depending on whether the class member was a customer of RBC. If the class member was a RBC customer, the claim relating to the third investment falls into Group C and the adjusted litigation value of the investor's claim with respect to this investment will be 70% or \$70,000. If the class member is not a RBC customer, the adjusted value of the investor's claim with respect to this investment will be 65% or \$65,000.

For the remaining \$50,000 of loss attributable to the 2009 investment, the value of the claim for this loss will depend upon whether the instrument by which the investment was made, or the instrument by which the 2007 investment was made which preceded it, was written in trust or not. If either instrument was payable in trust, the claim for this investment will fall either into Group B or C, depending on whether the class member is a RBC customer, and its value will be 65% or \$32,500, if the claim falls within Group B, or 70% or \$35,000, if the claim falls within Group C. If neither instrument was written in trust, the claim falls within Group D and the value will be 35% or \$17,500.

Once the adjusted litigation value of the class member's claim is determined through this process of allocation of the class member's loss into the various group of claims, the adjusted value of the class member's claim will be used to calculate the amount of the class member's pro-rata payment from the Settlement Fund, as set out below.

3. The Proportionate Share of the Bank Settlement Fund

The Bank Settlement Fund of \$8.5 million will be notionally divided into two portions. \$8.1 Million will be for payment of class members who only had claims against the Banks and did not have claims against the former Defendants, Arvin Patel, Coast Capital Savings Credit Union, Coast Capital Insurance Services Ltd. and Worldsource Financial

Management Inc., (collectively, "Coast Capital"). The remaining \$400,000 of the Bank Settlement Fund will be for claims of class members who also have claims against Coast Capital (the "Coast Capital Claimants"), as determined by class counsel from documentation provided in the litigation. This apportionment reflects class counsel's assessment that much of the responsibility for losses suffered by Coast Capital Claimants would be apportioned to Coast Capital, as between it and the Banks.

The total legal expenses paid from the Bank Settlement Fund (\$2,916,451.96) will be deducted proportionally from each of these respective portions of the fund. This means 95.3% (\$8.1 million divided by \$8.5 million) of the total legal expenses, equal to \$2,779,378.72 will be deducted from the \$8.1 million portion of the fund and 4.7% (\$400,000 divided by \$8.5 million) of the expense, equal to or \$137,073.24, will be deducted from the \$400,000 portion of the fund. This will leave \$5,320,621.28 in the fund for payments to class members who only have claims against the Banks and \$262,926.76 for payment to Coast Capital Claimants, plus accrued interest on those amounts.

Class members will be entitled to receive a pro-rata percentage of each of these respective portions of the Bank Settlement Fund, less any amounts paid as settlement administration expenses. The class members' presumptive percentage entitlement shall be calculated by dividing the total adjusted litigation value of the class member's claim by the total adjusted litigation value of all potential class members' claims against the applicable portion of the fund.

The final percentage entitlement of each class member who makes a claim in the class action will be calculated by dividing the litigation value of the class member's claim by the total litigation value of all class members who have made a claim in the class action against the applicable portion of the Bank Settlement Fund.

The class member's settlement benefit will be determined by multiplying the final percentage entitlement against the amount remaining in the applicable portion of the Bank Settlement Fund at the time of distribution.

4. The Coast Capital Settlement Fund

The Coast Capital Settlement Fund will be distributed to Coast Capital Claimants on a simple pro-rata basis. Each Coast Capital Claimant will be presumptively entitled to receive a percentage amount of the remaining settlement fund (after payment of legal expenses) that will be calculated by dividing their net principal loss as settled in the bankruptcy by the total net principal loss of all Coast Capital Claimants. If all Coast Capital Claimants eligible to make a claim in the class action do not do so, then the final entitlement paid to Coast Capital Claimants who make a claim will be calculated by dividing the net principal loss of each claiming Coast Capital Claimant by the total net principal loss of all claiming Coast Capital Claimants.

5. Notice to Class of the Settlement Administration Plan and Entitlement

Class members will be given notice of the application to approve this Settlement Administration Plan by email and by mail, in the same manner as they were given notice of the settlement approval hearings.

Once the Settlement Administration Plan has been approved and the claims of class members have been settled through the bankruptcy process, class members will receive notice of their presumptive entitlements from the settlement funds and will be required to submit a claim form confirming that they wish to receive their settlement entitlements and their contact details.

6. Challenges to Entitlement

Class members who submit claim forms will have the opportunity at that time to dispute the calculation of their presumptive entitlement. Class members will not be able to dispute their net principal loss as determined in the bankruptcy proceedings, or the litigation values of the various groups of claims as set by this Settlement Administration Plan once it is approved by the Court, but may only challenge the application of those litigation values to their net principal loss. Class members may also challenge class counsel's determination as to whether they are a Coast Capital Claimant.

Any challenges by class members to their claim entitlement that cannot be resolved through class counsel will be referred to the Court for final determination. There will be no appeal from that determination.

7. Cost of Settlement Administration

All third party costs of settlement administration, such as the cost of postage or of third party assistance in the calculation of settlement entitlements, will be paid from the respective Settlement Fund which applies to the claims in relation to which the expenses were incurred.

No further fees will be paid to class counsel in respect of the claims process.

No actions may be brought against class counsel concerning the claims administration without leave of the Court.