

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF WEALTHSTREET INC.
and 1415601 ALBERTA LTD.

NOTICE OF MOTION

TAKE NOTICE that an application will be made by Alger & Associates Inc. ("Alger"), Trustee in Bankruptcy of both Wealthstreet Inc. ("Wealthstreet") and 1415601 Alberta Ltd. ("141") before the Registrar in Chambers, at the Courthouse, in the City of Calgary, in the Province of Alberta on Tuesday, the 15th day of June, 2010, at 2:00 o'clock in the afternoon or so soon thereafter as Counsel may be heard for an Order:

1. Deeming service to be good and sufficient;
2. Declaring that the transfer of the building located at the civic address of 7425 Macleod Trail S.W. (the "Building") from Wealthstreet to 141 constitutes a transfer at undervalue and that the difference in value between the Building and the consideration paid to Wealthstreet was \$1,310,000;
3. Directing Alger, as Trustee of both 141 and Wealthstreet, to transfer all of the funds in the estate of 141 to the estate of Wealthstreet, up to a maximum sum of \$1,310,000;
4. Declaring that the transaction whereby 141 provided funds in the amount of \$400,000 to Dragon Fund Inc., on or about August 11, 2008 (the "Dragon Fund Transaction"), constitutes a transfer at undervalue;
5. Declaring that the Dragon Fund Transaction is void as against Alger, in its capacity as Trustee of 141;

6. Declaring that the lands located near Airdrie, Alberta bearing the following legal description:

PLAN 0411562
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS

- (the "Airdrie Lands") are impressed with a trust in favour of 141 - up to a maximum value of \$400,000;
7. Directing that \$400,000 of the proceeds of the sale of the Airdrie Lands shall be remitted to Alger, as Trustee of 141, upon the closing of the sale of the Airdrie Lands;
 8. Declaring that the transactions whereby Wealthstreet advanced funds in the sum total of \$136,404.98 to Dragon Fund Inc. and Dragon Fund Limited Partnership ("DFLP") (collectively, the "Wealthstreet Advances"), constitute a transfer at undervalue;
 9. Declaring that the Wealthstreet Advances are void as against Alger in its capacity as Trustee of Wealthstreet;
 10. Declaring that the Airdrie Lands are impressed with a trust in favour of Wealthstreet – up to a maximum value of \$136,404.98;
 11. Directing that \$136,404.98 of the proceeds of the sale of the Airdrie Lands shall be remitted to Alger, as Trustee of Wealthstreet, upon the closing of the sale of the Airdrie Lands;
 12. Awarding Alger costs of this application; and,
 13. Such further and other relief as counsel may advise and this Honourable Court may deem appropriate.

AND FURTHER TAKE NOTICE that Alger shall rely on the following grounds in support of its application:

- (a) Wealthstreet, 141, Dragon Fund Inc. and DFLP, are, or were at the time of the relevant transactions, non-arm's length parties;

- (b) On August 1, 2008, Wealthstreet transferred the Building to 141;
- (c) The value of the Building at the time it was transferred from Wealthstreet to 141 was \$2,810,000;
- (d) 141 obtained a mortgage from Royal Bank of Canada, in the amount of \$1,942,542.50 (the "Mortgage Funds"), and that mortgage was registered against title to the Building;
- (e) Wealthstreet only received \$1,500,000 of the Mortgage Funds as consideration for the Building;
- (f) The balance of the consideration, being \$1,310,000, was never paid, and was recorded as a loan to 141;
- (g) This purported loan from Wealthstreet to 141 was on commercially unreasonable terms, as 141 did not grant Wealthstreet any security and 141 was not required to pay any interest on the loan;
- (h) Wealthstreet was rendered insolvent by transferring the Building to 141, as subsequently its liabilities exceeded the value of its assets;
- (i) Alternatively, Wealthstreet transferred the Building to 141 in an effort to defraud, defeat or delay its creditors;
- (j) 141 then purported to loan almost all of the remaining Mortgage Funds, in the amount of \$400,000, to Dragon Fund Inc. and those funds were used by Dragon Fund Inc., along with other funds, to purchase the Airdrie Lands;
- (k) The Dragon Fund Transaction was also on terms that were commercially unreasonable as 141 received no security, no interest payments and no other good and valuable consideration for the purported loan;
- (l) 141 was rendered insolvent by the Dragon Fund Transaction, as subsequently its liabilities exceeded the value of its assets;

- (m) Alternatively, 141 entered into the Dragon Fund Transaction in an effort to defraud, defeat or delay its creditors, most notably Wealthstreet;
- (n) Wealthstreet transferred funds to Dragon Fund Inc. and DFLP, or to third parties for the benefit of Dragon Fund Inc. and DFLP, in the total amount of \$136,404.98;
- (o) The Wealthstreet Advances were also on terms that were commercially unreasonable as Wealthstreet received no security, no interest payments and no other good and valuable consideration for the advances;
- (p) Wealthstreet was insolvent at the time of the Wealthstreet Advances, or was rendered insolvent by the Wealthstreet Advances;
- (q) Alternatively, Wealthstreet made the Wealthstreet advances in an effort to defraud, defeat or delay its creditors;
- (r) On December 23, 2009, Dragon Fund Inc. transferred title to the Airdrie Lands to 1505792 Alberta Ltd. ("150") for the sum of \$1.00 and the assumption of the existing mortgages on title, with a total original principal amount of \$3,585,000;
- (s) 150 did not pay adequate consideration for the Airdrie Lands and has thereby been unjustly enriched as DFLP is presently selling the Airdrie Lands for a list price of \$10,000,000;
- (t) The transfer of the Building, the Dragon Fund Transaction and the Wealthstreet Advances constitute fraudulent transfers or transfers under value pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, the *Fraudulent Preferences Act*, R.S.A. 2000, c. F-24, as amended, and/or the *Statute of Elizabeth*, 1571 (13) Eliz. 1 Ch. 5;
- (u) \$536,404.98 of the fraudulent transfers or transfers at undervalue can be directly traced to the Airdrie Lands;

- (v) 150 has not paid adequate valuable consideration for the Airdrie Lands and Alger, as Trustee of 141 and Wealthstreet, is entitled to recover the amount of \$536,404.98 from this property; and
- (w) Such further and other grounds as this Honourable Court may permit.

AND FURTHER TAKE NOTICE that in support of the said application will be read the Affidavit of Andrew Basi, filed, and such further and other material as Counsel may advise.

DATED at the City of Calgary, in the Province of Alberta this 21st day of May, 2010.

BURNET, DUCKWORTH & PALMER LLP,
Solicitors for Alger & Associates Inc.

Per:


Trevor Batty

TO: Clerk of the Court

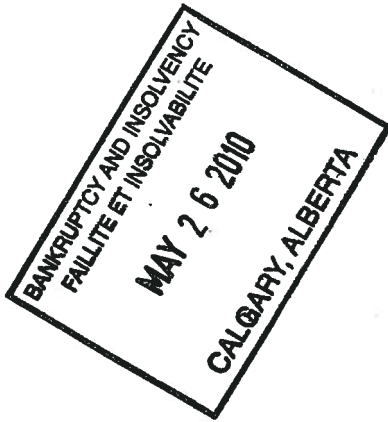
AND TO: Dragon Fund Inc.
Attention: Registered Corporate Office

AND TO: Dragon Fund Limited Partnership
c/o the General Partner 1505780 Alberta Ltd.
Attention: Registered Corporate Office

AND TO: 1505792 Alberta Ltd.
Attention: Registered Corporate Office

AND TO: John S. Cooper

AND TO: 1318937 Alberta Ltd.
Attention: Registered Corporate Office



Nos. 25-1342410/25-1342406

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and 1415601 ALBERTA LTD.**

NOTICE OF MOTION

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Barristers and Solicitors
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Attention: Trevor Batty
Phone: (403) 260-0263
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File No.: 58585-7