

To whom it may concern:

This document outlines concerns regarding the following companies and individuals:

Fortress Real Capital Inc  
Fortress Real Developments Inc

FMP Mortgage Investments Inc  
FFM Capital Inc  
FDS Broker Services  
Centro Mortgages Inc  
Building & Development Mortgages Canada Inc

Jawad Rathore  
Vincent Petrozza

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**1) Corporate structure and business model of Fortress companies and affiliates**

**i) Overview of businesses**

**Fortress Real Development Inc.**

Fortress Real Development Inc. (FRDI) is a corporation incorporated under the laws of the Province of Ontario, having its head office in Richmond Hill, Ontario. Jawad Rathore is President and Chief Executive Officer of FRDI. Vincent Petrozza is Chief Operating Officer.

**Fortress Real Capital Inc.**

Fortress Real Capital Inc. (FRC), is a federally incorporated company, having its head office in Richmond Hill, Ontario. Jawad Rathore and Vincent Petrozza are officers and directors of FRC.

FRDI and FRC provide inter alia, development consulting services in connection with real estate projects.

**FMP Mortgage Investments Inc.**

A full-service mortgage brokerage and the leading national distributor of syndicate mortgage investments that fund Fortress projects. FSCO license #12373.

### FFM Capital Inc.

A mortgage brokerage that distributes the Fortress syndicated mortgage product. FSCO license #12391.

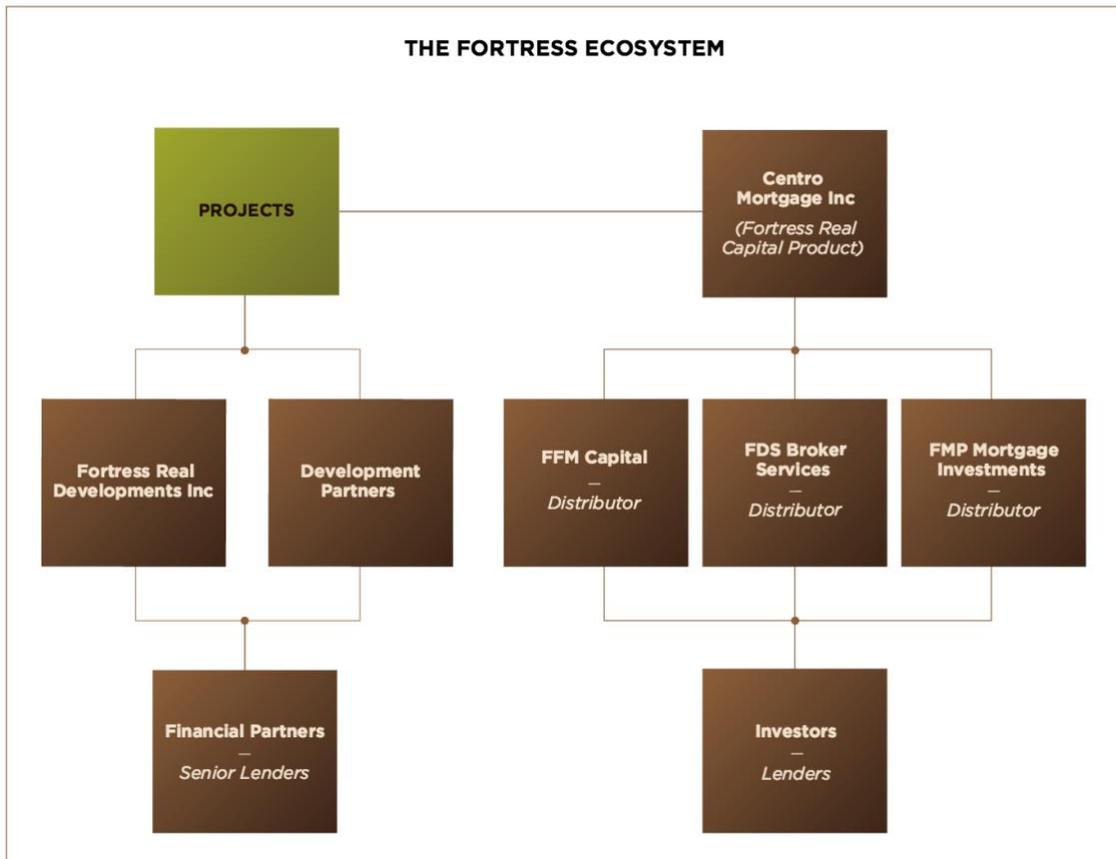
### FDS Broker Services Inc.

From their facebook page: Canada's leading distributor of syndicated mortgage investments in real estate development projects led by Fortress Real Developments. FSCO license #12367.

### Centro Mortgages Inc.

Centro Mortgages Inc is the lead mortgage brokerage that registers the syndicate mortgages that fund FRDI projects. FSCO license #10102.

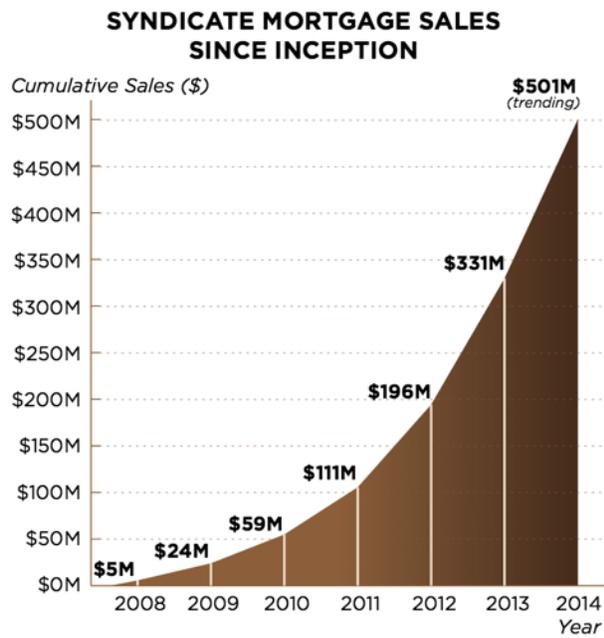
**In early 2016, Centro was renamed Building and Development Mortgages Canada Inc.**



Source: Strategic Outlook and Corporate Report, 2014

[http://ffmcapital.com/wp-content/uploads/2014/09/Fortress\\_StrategicOutlook-and-CorporateReport.pdf](http://ffmcapital.com/wp-content/uploads/2014/09/Fortress_StrategicOutlook-and-CorporateReport.pdf)

The growth in Fortress syndicate mortgage sales has been staggering:



Source: Strategic Outlook and Corporate Report, 2014

As of late 2015, Fortress claimed to have raised nearly \$650M, almost exclusively from retail investors:

## Fortress Real Developments is a Canadian Real Estate Development Company that seeks out Opportunities in Major Markets



From L-R: Frank Margani (EVP, Strategy & Development), Jewad Rathore (President & CEO), Vince Patrozza (COO), Ben Myers (SVP, Market Research & Analytics)

- Founded in 2002
- Opened to the retail market in 2008 – provides equity capital for real estate development projects
- Over \$5 billion in built out value of current projects
- Currently over 70 Active Projects
- 20+ development partners with decades of combined success
- 20+ financial partners that provide senior debt financing (land, construction, mezz)
- Almost \$650M funded into Fortress projects
- Partners like Cityzen, Fernbrook, Empire, Lamb, Chestnut Hill, Sierra, Fusion, Averton

Ben Myers | Fortress Real Developments | Twitter @BenMyers29

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Source: Presentation given by Ben Myers at Veritas Canadian Housing day, November 10, 2015.

### ii) Overview of syndicated mortgage product

Fortress raises funds primarily to finance the 'soft costs' of a real estate development. A typical example may look something like this:

A developer has purchased a parcel of land on which they would like to develop a condominium project. Before they can receive construction financing from a major lender at favorable terms, they often have the land rezoned, hire a designer and architect, build a sales center, hire a sales staff, advertise, and pre-sell at least 70% of the units.

A partial list of Fortress projects can be found here:

<http://www.fdsbroker.com/current-fortress-projects/>

Rather than advance the money themselves, developers may opt to bring in lender partners to finance this very risky portion of the development process.

Note that at this point in the development process, much can go wrong. This is a high-risk investment, as Fortress themselves acknowledge in some of their project fact sheets:

**Major Risk Factors:**

Investments in syndicated mortgages are speculative and involve a high degree of risk. Investors should be aware that this investment has not only the usual risks associated with the financial ability of the borrower to make repayments but also risks associated with financing real estate and risk associated with syndication.

However, Fortress distributors go to great lengths to downplay the risks, and the principals at Fortress are well aware that their products are being egregiously marketed. Section 4, below, details this false advertising by distributors. One example is below:

**FDS**  
BROKER SERVICES

## Syndicated Mortgage Facts

- Syndicated Mortgages are an established product, allowing a brokerage to pool together the funds of several different lenders into a single loan instrument
- Offered in Ontario and Atlantic Canada by the licensed Mortgage Brokers and Agents of FDS Broker Services
- Canadian Real Estate market “problems” are highly exaggerated and overstated
- **Development financing is only risky when you don't do your homework**
- Even during difficult financial times, people still need places to live
- Rates of return are dictated by the loan contract

This presentation ©FDS Broker Services Inc. and may not be reproduced without permission.

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**FORTRESS**  
REAL ESTATE

In the event that something goes wrong in the early stages of the development, investors are secured by the parcel of development land, which then must be sold on an ‘as is’ basis to recoup losses.

However, Fortress does not always use a fair market value appraisal method, instead often relying on an opinion of value/residual value method of setting the value of the land, which can yield valuations that are much higher than what investors would actually receive if the property was liquidated on an ‘as is’ basis. This is VERY problematic and is discussed extensively below in the section on questionable loan-to-value ratios and RSP eligibility.

One unique aspect of this product is the use of interest reserves to pay investors. Syndicated mortgage products typically pay upwards of 8% ‘interest’. Yet the developer is seeing no cash flow at this point in the development process, so where does the money come from?

Fortress over-funds developments and sets money aside to pay investors their regular ‘interest’ payments, which are really a form of return of capital. As an example, if a developer needed \$5M to finance the estimated soft costs on a development, Fortress might raise \$10M, from which they would take hefty fees (see below), set aside the interest reserve, and advance the remaining \$5M

to the developer. The developer makes no interest payments but must pay back the full \$10M. In this way, it's similar in concept to a zero coupon bond.

A real-life example can be seen below from the Colliers Centre in Barrie (there is an extensive discussion on the Colliers Centre project in section 9). This was taken from an online document related to the Mady CCAA bankruptcy proceedings. Note that the Monitor states that \$2.8M of the \$16.9M raised was set aside to pay interest back to Fortress investors:

[http://www.grantthornton.ca/resources/creditor\\_updates/documents/Mady%20Collier/Nekison%20Factum.pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Mady%20Collier/Nekison%20Factum.pdf)

26. The section 39 information contained in the Second Report of the Monitor states the following regarding the \$16,897,682 advanced under the Sorrenti/ Olympia Mortgage:
- "We understand that approximately \$11 million was the net amount advanced by Sorrenti/ Olympia. From documentation provided by the Company (Mady Collier Centre Ltd.), we understand that the balance of approximately \$6 million was applied to i) sales and referral fee bonuses (\$1,692,308), ii) marketing and promotional fees (\$1,438,461), iii) mortgage broker fees (\$507,692), and iv) co-development/ priority returns (\$2,284,616)." This is stated despite the project Balance Sheet for the Company showing "Non-Current Assets" of advance on profit sharing of \$6,021,950 and Interest payments to Fortress of \$2,776,943.

The use of the interest reserve to fund payment is sometimes used in advertising material for syndicated mortgages:

## MORTGAGE SYNDICATION

A Mortgage Syndication allows small to medium investors to participate as a lender in large real estate development projects. Each investors piece of capital is pooled together to form the total amount needed. All investments are backed by the real estate itself with the investor registered on title for security similar to the way the bank's name is on title for a residential mortgage.

While banks finance the actual construction component of a development, there is still a large need for capital to complete things such as prepping the site for construction, building a sales centre, engineering drawings and testing, etc. This is where a Mortgage Syndication comes in and creates a win / win scenario allowing developers to build and investors to earn a great rate of return in a stable and secure investment.

Extensive due diligence and research combined with multiple safeguards can make a Mortgage Syndication a very safe and stable product to add to your portfolio. Here are the main advantages of a Mortgage Syndication:

- Returns are partially fixed, usually at 8% annually meaning you will make this each and every year. There is no volatility like a stock or mutual fund.
- On top of the 8% annual return, investors receive what is called a Deferred Lender Fee (DLF) upon project completion which can range between 0-4% per year for each year of the investment. DLF payouts are based on a projects overall profit.
- Mortgage Syndications are Cash, RRSP, RESP, LIRA, and RIF eligible.
- All funds are registered on title and secured by the land for investor security.
- Interest owed to investors are often raised in advance and held by a lawyer until payment is due.
- Payments are interest only and made monthly, quarterly, or semi-annually depending on the specific project.

Note that this can mask financial problems at a development since even if the development has failed, mortgage holders will continue to receive their “interest” payments for the duration of the contractual term.

Although unconfirmed, the wording on some Fortress term sheets seems to suggest that investors can be repaid with money raised from subsequent rounds of funding by investors:



Project Fact Sheet- Capital Pointe 3<sup>rd</sup>

**Developer Name:**

Westgate Properties Ltd.

**Project Address**

1971 Albert Street, Regina, SK

**Legal Description:**

Lot 50 Block 342 Plan 102032255, 1971 Albert Street, REGINA, SASKATCHEWAN

**Anticipated Closing Dates:**

April 15<sup>th</sup>, 2014

**Borrower Name:**

Westgate Properties Ltd.

**Valuation:**

Authored by: Kevin Ferguson & Jeff Cheong of Legacy Global Mercantile Partners Ltd.

The value for the parcel is \$14,600,000.00

Dated: April 11, 2014

!!!!!!!  
?????

**USE OF FUNDS:**

The purposes of the monies raised via this syndicated mortgage is to assist in addressing various funding requirements related to all elements of the project's progress, especially prior to the commencement of construction. These requirements include, however are not limited to: soft costs, hard costs, planning & marketing expenses and the sales center.

**\*Funds may be used to replace share percentages of existing investors in prior encumbrances.**

Further, note that Fortress distributors continue to raise capital on developments that already have Fortress syndicated mortgage liens against the land.

FMP's VP of Biz Dev, @trustedlender presents our featured investment offering @SkyCityWinnipeg to our seminar guests



LIKE

1



4:52 PM - 24 Feb 2016

**Fortress already raised \$10M to fund the SkyCity development back in 2013. See section 5-ii below**

This raises a number of questions.

## **2) Petrozza and Rathore sanctioned by MFDA and OSC, go to great lengths to silence public discussion on the matter**

In 2011, Mr. Rathore and Mr. Petrozza agreed to an OSC settlement, restricting them from participating in the securities markets for a period of 15 years for facilitating a 'pump and dump' scheme being run out of British Columbia. They were ordered to pay a \$3M fine (including administrative costs).

The OSC settlement is below:

[http://www.osc.gov.on.ca/en/Proceedings\\_rad\\_20111219\\_phoenix-credit.htm](http://www.osc.gov.on.ca/en/Proceedings_rad_20111219_phoenix-credit.htm)

A description of the events that transpired are also outlined in a BC Securities Commission hearing:

[http://do.bcsc.bc.ca/Enforcement/Decisions/PDF/2014\\_BCSECCOM\\_318\\_pdf/](http://do.bcsc.bc.ca/Enforcement/Decisions/PDF/2014_BCSECCOM_318_pdf/)

Some key points from the BCSC findings are below:

*Sale of OSE shares to Phoenix clients*

- ¶ 56 The Phoenix clients who purchased OSE shares were generally unsophisticated investors facing financial duress. Often, they were referred to Phoenix by collection agencies or creditors. Phoenix gave them debt management advice. In essence, Phoenix arranged for them to unlock their locked-in RRSPs or retirement accounts, and put the money into self-directed RRSP accounts to invest and generate much needed returns. In many cases, Phoenix advised its clients to invest in OSE shares. Phoenix would set up a three-way conference call with the Phoenix client, a broker and a Phoenix representative so the client could instruct the broker to effect the purchase of OSE shares.
- ¶ 57 From January 7, 2008 to March 31, 2009, Phoenix clients bought 4,651,800 OSE shares at an average cost of \$1.80 for a total of \$8,357,574. Phoenix clients sold 731,454 OSE shares at an average price of \$1.29 for a total of \$941,044. At the end of this period, Phoenix clients held 3,920,346 OSE shares.
- ¶ 58 Based on the market price of OSE shares on March 31, 2009, these Phoenix clients suffered estimated book losses of \$7,102,902, excluding commission costs. Account opening forms indicate that 36 of these Phoenix clients had addresses in British Columbia and they suffered estimated book losses of \$1,198,308 as at March 31, 2009.
- ¶ 61 The Respondents paid to the Phoenix Group a commission ranging from 10% to 20% and, in some cases, 28% each time Phoenix arranged for a Phoenix client to buy OSE shares. According to Rathore, Thal Poonian would tell them how much Phoenix clients should bid on OSE shares. Rathore did not conduct any independent review on OSE before recommending its purchase to Phoenix clients.
- ¶ 62 After trades by Phoenix clients, Phoenix prepared a list of the client purchases and details of the trades and the commissions payable to the Phoenix Group. Rathore communicated with Thal Poonian daily, through the "Tim Jenson" email address at Hotmail used by Thal Poonian or by telephone to a mobile number registered in the name of Sharon Poonian and used by Thal Poonian (Thal Poonian's Cell).
- ¶ 63 Rathore understood that Thal Poonian controlled OSE shares through a network of people. Rathore told Commission staff: "any payments received in from Thal I presumed were from Thal or from his companies. It's pretty evident that he has a bit of a network and moves money through different people, so I'm not surprised if some of those payments in were made from other people on Thal's behalf."
- ¶ 64 Commission staff entered into evidence approximately 350 emails from Rathore to the Tim Jenson email address. Each email referenced OSE and the name of an individual Phoenix client who purchased OSE shares. The emails also referred to the number of OSE shares purchased, the purchase price, the value of the OSE shares purchased, the brokerage firm used and, in almost all cases, the commission amount in dollars or percentage.
- ¶ 65 Commission staff matched the names of each Phoenix client in these emails against purchases of OSE shares and in every case there was a purchase of OSE shares that matched the name of the Phoenix client in the email and the details of the purchase. One exhibit entered into evidence shows 13 examples of purchases of OSE shares by Phoenix clients that match emails from Rathore to the Tim Jenson email address. In each of the examples, the seller of the OSE shares was either a Respondent or a Secondary Participant.

Jawad Rathore has also been banned for life from the MFDA in 2005 over a separate infraction:  
<http://www.mfda.ca/enforcement/hearings05/Decision200504.pdf>

Rathore has made multiple false and misleading statements to the media regarding the nature of the OSC sanctions:

<http://www.cbc.ca/news/canada/manitoba/skyscraper-developers-ordered-to-pay-3m-in-2011-1.1319587>

[...] “There was no findings of guilt or wrongdoing or anything else like that, so we are happy to have made a settlement on that non-related business.”

Clearly there were findings of wrongdoing. Stating otherwise is meant to mislead potential Fortress investors.

<http://www.thebarrieexaminer.com/2015/07/21/fortress-and-mady-have-worked-together-on-several-projects>

[...] Rathore points out Fortress Real Development is not related to the Phoenix company.

“It’s a completely different business. The only real common thread is I’m a majority shareholder of each. Our restrictions, the settlement there, totally unrelated business, doesn’t inhibit whatsoever our ability to do any of our real-estate business,” Rathore said. “For us, due diligence is really the heart of what we do. What happened in the financial markets (between 2007 and 2009) was incredibly unexpected, it was calamitous, it really affected a lot of people. Those business activities are seven or eight years ago, and a lot has changed since then as well.”

The clear implication is that the sanctions had to do with severe market volatility during the financial crisis. This is false and misleading.

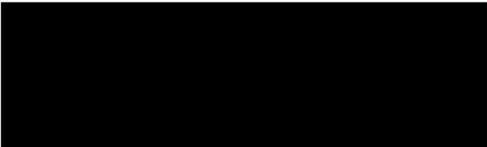
Further, Fortress has gone to great lengths to silence those who have brought up these past infractions on the internet and social media. Below are libel notices sent by Fortress lawyers to several individuals.

The individual who received the letter below referenced the OSC and MFDA sanctions and suggested that Mr. Rathore and Petrozza had ‘stained backgrounds’:

WITH PREJUDICE

June 19, 2015

Sent By Courier and Email



**NORTON ROSE FULBRIGHT**  
Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP  
Royal Bank Plaza, South Tower, Suite 3800  
200 Bay Street, P.O. Box 84  
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930  
[nortonrosefulbright.com](http://nortonrosefulbright.com)

Direct line  
+1 416.216.2303

Email  
[Jennifer.Teskey@nortonrosefulbright.com](mailto:Jennifer.Teskey@nortonrosefulbright.com)

Dear Mr. [REDACTED]:

**Comments on Twitter Regarding Fortress Real Capital Products**

We are the solicitors for Fortress Real Capital Inc. and Fortress Real Developments Inc. (collectively, **Fortress**). We have reviewed certain comments posted by you on Twitter, in relation to Fortress (copy attached).

Your comments have been widely circulated. Your comments also contain statements that are false and defamatory and were distributed with the clear intent of damaging the reputation of our clients. The statements contained in the posting have harmed the reputation of Fortress in the financial community, the mortgage brokerage industry and amongst the general public.

Of particular concern is the allegation that Fortress' principals have a "stained background", that fees and commissions are "undisclosed" and that Fortress directs mortgage brokers to advertise false statements.

These statements, by their plain and ordinary meaning, are untrue and defamatory. The misstatements published by you are extremely serious and irreparably damaging to our clients.

Our clients hereby demand: (1) an immediate retraction in a form approved by our clients in advance; (2) that you preserve all paper and electronic copies of the defamatory statements, and all associated documents; and (3) that you cease and desist from making all such statements. Our clients reserve all of their rights and remedies as against you with respect to the statements that have been made to date.

We look forward to hearing from you by close of business on June 23, 2015, failing which we will seek instructions to commence legal proceedings without further notice to you.

Yours very truly

A handwritten signature in blue ink, appearing to read 'Jennifer Teskey', with a large, stylized flourish extending from the end of the signature.

Jennifer Teskey

Encl.

The individual who received the letter below posted a link to and direct quotes from a Globe and Mail article highlighting the BCSC ruling:

<http://www.theglobeandmail.com/report-on-business/industry-news/the-law-page/five-investors-manipulated-share-prices-bcsc-rules/article20519867/>

**WITH PREJUDICE**

February 26, 2015

**Sent By Email and Hand Delivered**

Ben Rabidoux



[ben@northcove.net](mailto:ben@northcove.net)  
[Benrabidoux@gmail.com](mailto:Benrabidoux@gmail.com)

 **NORTON ROSE FULBRIGHT**

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Direct line  
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Email  
[Jennifer.Teskey@nortonrosefulbright.com](mailto:Jennifer.Teskey@nortonrosefulbright.com)

Dear Mr. Rabidoux:

**Defamatory Comments on Twitter Regarding Jawad Rathore and Vincenzo Petrozza**

We are the solicitors for Jawad Rathore and Vince Petrozza.

It has come to our attention that you, through Twitter, have engaged in a campaign of disparagement aimed at damaging the reputations of Messrs. Rathore and Petrozza (copy attached).

The particulars of the statements complained of are detailed in the enclosed libel notice, served upon you pursuant to the *Rules of Civil Procedure* and in satisfaction of s. 5 of the *Libel and Slander Act*.

The statements are false and defamatory and actionable at law. They have injured Messrs. Rathore's and Petrozza's reputations.

Your conduct has been irresponsible and destructive and is indefensible. It is clearly driven by malice and ill-will.

We demand that you immediately cease and desist from: (i) making any further defamatory or potentially defamatory statements about Messrs. Rathore and Petrozza, in any public forum, and (ii) interfering in any way, shape or form with the operations of their business.

We also demand that you make a full public apology, and retract all defamatory or potentially defamatory statements made by you from all forms of media, including Twitter. The apology and retraction must be in a form approved by the Plaintiffs.

We expect that you will comply with these requests by **March 2, 2015**.

If you do not comply with the above, we will seek instructions to commence legal proceedings against you in respect of all of the defamatory statements made by you to date.

In this regard, please advise if Mr. Lovell is authorized to accept service of the Statement of Claim. If not, we will proceed with serving you personally.

IN THE MATTER OF THE *Libel and Slander Act*, R.S.O. 1990, c. L.12

TO: Ben Rabidoux



**LIBEL NOTICE**

**TAKE NOTICE** that Jawad Rathore and Vincenzo Petrozza (collectively, the **Complainants**) complain that postings made by you on Twitter on February 24, 2015 (the **Defamatory Postings**) a copy of which are attached hereto, is defamatory of the Complainants.

In particular, the Complainants complain about the following words:

1. "Well, well. This is just disgusting. Worth the read → Five investors manipulated share prices, BCSC rules fw.to/MktvBW"
2. "Many of the buyers were clients of Phoenix Credit Risk Management Consulting Inc...who were already facing "financial duress"
3. "These people were unsophisticated, and were in financial distress to begin with...now their retirement savings have been devastated as well"
4. "Phoenix clients bought over \$8.3m worth of OSE shares in 08-09, not knowing...some of its officials were being paid large commissions"
5. "Phoenix and senior officials including Jawad Rathore and Vincenzo Petrozza separately reached a settlement with the OSC in 2011".

The Complainants state that the Defamatory Postings make and imply false and defamatory statements about it and that the words were published maliciously.

Without limiting the generality of the natural and ordinary meaning and innuendoes of these words, in the context in which they appeared, the defamatory words meant and were understood to mean:

- 1) The Complainants have engaged in criminal, civil and regulatory wrongs including but not limited to theft, fraud and misrepresentation;
- 2) The Complainants are responsible for prejudice to OSE investors, Phoenix clients and others; and
- 3) The Complainants have conspired with or otherwise associated themselves with other persons or entities for the purpose of illegally and/or inequitably causing prejudice to OSE investors, Phoenix clients and others.

In addition, without limiting the generality of the natural and ordinary meaning and innuendoes thereof, these words, in the context in which they appeared, were intended to:

In addition, they have threatened multiple online forums for allowing posters to discuss their previous infractions. The screenshot below shows Fortress Senior VP Ben Myers threatening an 'Urban Toronto' forum member for posting links to the OSC and MFDA rulings:



**DearSummer**  
Banned  
Joined: Mar 5, 2009  
Messages: 94  
Likes Received: 0

BMyers said: 1

*I make it a point to trust folks with Booty in their screen name!*

*I have to agree with Mike & condo George on this one (please save the you're biased because you're in real estate comment, heard it, I evaluate the numbers and have nothing to do with this project or this developer)*

Good to know a guy who works for convicted scammers (Jawad Rathore & Vince Petrozza) agrees with Mike & CG. Your bosses stole money from investors and now they opened up another investment company that you work for. As far as credibility goes, you and your company have ZERO.

<http://www.mfda.ca/regulation/bulletins05/Bulletin0157-E.pdf>  
<http://www.mfda.ca/enforcement/hearings05/Order200504.pdf>  
[http://www.osc.gov.on.ca/en/Proceedings\\_rad\\_20111219\\_phoenix-credit.htm](http://www.osc.gov.on.ca/en/Proceedings_rad_20111219_phoenix-credit.htm)

#8831



**BMyers**  
Active Member  
Joined: Apr 23, 2008  
Messages: 286  
Likes Received: 0

BMyers, Jul 18, 2014

I suggest you get your facts straight, because some of your comments on Urban Toronto are slanderous. You will hear from our lawyers if this continues and that will be the last I will say on the matter. If you want to continue to troll me every time I post on here, feel free, but I will continue to ignore you.

As for my credibility, it has never been higher, I've appeared on CTV, Global, CityTV to talk about the condo market, I've been quoted in the Star, Globe, Sun, Toronto Life, etc, etc. I've given presentations to BILD, OHBA, the major schedule A banks, mortgage insurers, developers. The Bank of Canada calls me to discuss the market periodically.

If you want to show me what credibility you have, I'd like to see it.

Twitter - @Benmyers29

#8832

#8832



**DearSummer**  
Banned  
Joined: Mar 5, 2009  
Messages: 94  
Likes Received: 0

DearSummer, Jul 18, 2014

BMyers said: 1

*I suggest you get your facts straight, because some of your comments on Urban Toronto are slanderous. You will hear from our lawyers if this continues and that will be the last I will say on the matter. If you want to continue to troll me every time I post on here, feel free, but I will continue to ignore you.*

*As for my credibility, it has never been higher, I've appeared on CTV, Global, CityTV to talk about the condo market, I've been quoted in the Star, Globe, Sun, Toronto Life, etc, etc. I've given presentations to BILD, OHBA, the major schedule A banks, mortgage insurers, developers. The Bank of Canada calls me to discuss the market periodically.*

*If you want to show me what credibility you have, I'd like to see it.*

Why don't you tell us the "facts"?

Jaward is banned FOR LIFE by the MFDA. OSC gave him 15 years and a \$3 million fine. It's all in the links I posted, right from MFDA and OSC.

Last I checked, I am still allowed to trade securities. That alone gives me more credibility than the scumbags you work for.

As for your lawyer, I look forward to hearing from him. I'm sure Jawad Rathore and Vince Petrozza would love to be in the news again for their scams. It will certainly bode well for Fortress Real Developments. 🙄

#8833

The forum moderator later allegedly sent the poster a message warning that Fortress lawyers were demanding his information, as can be seen in the post below.

Yesterday, 09:38 #9090

DearSummer ◦ Join Date: Mar 2009  
 UT Member Posts: 94

---

UT deletes my post and then PMs me this:

*I need you to stop trolling Ben Myers once and for all. They are threatening legal action against you and have asked us for your contact email. Let me know your intentions.*

Fact: Fortress's CEO and COO are banned from the MFDA and OSC. They paid over \$3 million in fines.

<http://www.mfda.ca/regulation/bullet...etin0157-E.pdf>  
<http://www.mfda.ca/enforcement/heari...rder200504.pdf>  
<http://www.osc.gov.on.ca/en/Proceedi...nix-credit.htm>

These guys are known scammers. This deserves to be public knowledge, and there is nothing wrong with informing other readers of Fortress' past while reviewing the information that Ben Myers posts regarding how great of an investment real estate is.

The level of censorship on these forums is disappointing. Why can't we talk about the junk bonds that Fortress peddles to unsophisticated investors?

<http://www.winnipegfreepress.com/loc...260372621.html>

*When fees are taken into account, only 37 per cent of the cash raised through the bond offering will be devoted to the actual development, the analyst estimated, adding Fortress and Mady have not invested any of their own funds in the bond offering.*

*LiveWorkPlay intends to loan the invested funds to the numbered company that owns the surface-parking lot. Although Fortress and Mady own that company, this structure means "there is limited recourse for investors in the event of default," the analyst noted.*

*The analyst also stated investors might not be able to get all their principal and interest back if the property has to be liquidated.*

*Overall, the report rated the eight per cent LiveWorkPlay bond offering "highly speculative" from a risk perspective and stated it offers a weak return in comparison to the risk.*

Is this not information that contributes to the community here and draws more insight into how some of these developments are being funded?  
 Just some food for thought...

Both posts have since been deleted by moderators.

Further, a twitter account, @craig\_burley, posted the following retraction following critical comments regarding Mr. Rathore and Mr. Petrozza:



**Craig Burley** @craig\_burley · 17 mins  
 I will not repeat any of the comments made about Fortress and hereby withdraw them unreservedly. @BenRabidoux @HardcoreValue

← ↻ ★ ...



**Craig Burley** @craig\_burley · 17 mins  
 ...retract any and all opinions/statements. 2/2 @BenRabidoux @HardcoreValue

← ↻ ★ ...



**Craig Burley** @craig\_burley · 17 mins  
 Recently I tweeted statements about Fortress & its principals. I completely and without reservation... 1/2 @BenRabidoux @HardcoreValue

← ↻ ★ ...

Finally, the images below are from the comment section of a post on Mortgage Broker News regarding FSCO warning of unlicensed syndicated mortgage providers:

Ron Butler | on 2014-09-25 2:47:12 PM

Paul, with equal respect; their are hundreds of mortgage brokers in Ontario and you know many of them personally, who have been arranging small syndications of two to ten individuals to provide private mortgages on simple residential properties for decades.

These mortgage brokers are not "selling" anything, they are not paying referral fees for investment funds they are simply brokering mortgages between borrowers and private lenders. None of them have the biggest booths at industry meetings, none of the are sponsoring every industry event like they have an infinite source of funds. These men and women have the upmost integrity, skill and honesty; more to the point, none of those folks have been sanctioned by any regulator let alone two, no matter how good the back story about the sanctions is.

I know where I would invest my money.

Ron Butler | on 2014-09-26 5:29:08 PM

Fortress lawyers email me threat of lawsuit without full retraction.  
Somebody is nervous.

Ron Butler | on 2014-10-14 4:38:21 PM

With regards to Fortress Capital Inc., Fortress Real Development Inc., Jawad Rathore and Vince Petrozza, we posted certain comments under the article "FSCO warns about unlicensed syndicated mortgages" We completely and without reservation retract any and all comments, suggestions opinions or statements made. We will not repeat any of the foresaid comments, suggestions, opinions, or statements and withdraw them unreservedly

Ron Butler | on 2014-10-16 2:46:17 PM

My recent posting was not intended to damage the reputations of Fortress Capital Inc., Fortress Real Development Inc., Jawad Rathore or Vince Petrozza and was not directed at them in any way. I apologise for any confusion that I may have caused.

### 3) Exceptionally high fees generated off the syndicated mortgage product

#### i) Fees to Fortress

The Fortress syndicated mortgage product is often advertised as having no fees, in contrast with MERs from mutual funds, etc (see Appendix A for some examples). In reality, a large portion of the funds raised is used to pay various fees.

Again, the Mady insolvency filings provide insight into the use of funds raised by Fortress. The document below states that of the \$16.9M raised by investors, nearly \$6M was diverted to fees, with only \$11M being advanced by the lawyer (Sorrenti):

[http://www.grantthornton.ca/resources/creditor\\_updates/documents/Mady%20Collier/Nekison%20Factum.pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Mady%20Collier/Nekison%20Factum.pdf)

26. The section 39 information contained in the Second Report of the Monitor states the following regarding the \$16,897,682 advanced under the Sorrenti/ Olympia Mortgage: "We understand that approximately \$11 million was the net amount advanced by Sorrenti/ Olympia. From documentation provided by the Company (Mady Collier Centre Ltd.), we understand that the balance of approximately \$6 million was applied to i) sales and referral fee bonuses (\$1,692,308), ii) marketing and promotional fees (\$1,438,461), iii) mortgage broker fees (\$507,692), and iv) co-development/ priority returns (\$2,284,616)." This is stated despite the project Balance Sheet for the Company showing "Non-Current Assets" of advance on profit sharing of \$6,021,950 and Interest payments to Fortress of \$2,776,943.

Further, an analyst report on a bond offering on their SkyCity development in Winnipeg noted that nearly 25% of the offering would be absorbed in fees, with Fortress management collecting a 7% fee up front, regardless of how the project fares:

[http://www.baystreet.ca/articles/research\\_reports/fundamental\\_research/Liveworkplay-Dec-2013.pdf](http://www.baystreet.ca/articles/research_reports/fundamental_research/Liveworkplay-Dec-2013.pdf)

### Sales and commission fees

Sales and commission fees total 10.35% of the gross amount raised.

### Management fees

There is a 4.65% marketing fee taken on the total raise that management intends to pay to third party marketing providers (such as Blueprint). Fortress will receive 15% of the operating reserves upfront, and Mady will receive 4%. The OM does not define 'operating reserves'. Management states that operating reserves are funds remaining after sales and marketing fees (totaling 15% of the gross amount), and interest reserves. Management did not state how much they intend to keep aside as interest reserves. The below example assumes a 5 year interest reserve.

Offering	100%
Less sales & commissions (10.35%)	10.35%
Less marketing fee (4.65%)	4.65%
Interest reserve (present value)	39.40%
<b>Operating reserve</b>	<b>45.60%</b>
Fortress management fee (15%)	6.84%
Mady construction fee (4%)	1.82%
Capital available after fees	36.94%

**The above table shows that only 36.9% of the gross amount raised in this offering will be put into the project.**

There is no annual management fee for this offering. If we combined Fortress and Mady's fees (15% of the operating reserves, or 8.66% of total capital raised), the annual management fee would be approximately 1.73% annually (assuming a 5 year time horizon). We feel that the annual fee of 1.73% is in line with comparable offerings. However, the negative aspect for investors is that Fortress/Mady receives this fee upfront.

### ii) Referral fees

It is well known within the mortgage industry that Fortress, like other syndicated mortgage companies, generously compensates referrals from mortgage brokers, realtors, and financial advisors. This can be seen in the above charts, which both show sales and referral fees being roughly 10%.

Below is a comment from Ron Butler, a respected mortgage broker in Ontario, on the Mortgage Broker News forum. Here he suggests that referrals from Fortress are multiples of what mortgage brokers are paid to originate mortgages for lenders:

<http://www.mortgagebrokernews.ca/news/fSCO-warns-about-syndicated-mortgages-182229.aspx>

Ron Butler | on 2014-09-24 7:39:43 PM

Glenn, the founders of Fortress have a lifetime ban from the Mutual Fund industry, that speaks for itself. Bernie Madoff was the Chairman of the NASDAQ so I don't care about how many B of C meetings you are having and ENRON's Chartered Accountants said they were perfect till the week they shut down

I do not need any veil lifted because common sense and logic are my keys to the truth and 8.5% interest rates don't make any sense on complicated developmental financing. By the way what happened to the money that formed the difference between the 8.50% and the 19.00%? When I can do plain vanilla, single family house mortgages on 75% LTV Crosstown appraisals and yield 10% for my investors, why would anyone do such complex deals for 8.50%

If it takes all those paragraphs of horse droppings you just wrote to make it sound like paying 19% interest is a brilliant business plan for the borrower then I have a bridge in Brooklyn for you to look at buying ..... oh wait..... FDS is already syndicating the financing on that bridge.

Honestly, do all the financing you want, bring in all the money you can; just stop doing it as mortgage broker, go out and get a limited market dealer license and be regulated by Securities, form a MIC and do it that way and for God's sake stop soliciting other mortgage brokers to rope in investors by paying referral fees five times the size of what lenders pay us to actually originate mortgages.

In fact, the ad below for a position with FDS Broker Services, promises that applicants "will be in the field and closing sales in less than 7 days" and that they can expect to earn a minimum of \$125,000 in their first year.

[prohibited](#)  Posted: 18 hours ago

### ★ **Syndicated Mortgage Specialist (GTA)**

Looking for the next great career opportunity?

Look no further!

Are you a self-starter who is highly motivated and loves to sell? Let us show you how to take your first step towards financial independence!

compensation: **Minimum commission of \$1,500 per transaction. Average commission \$2,500 per transaction. Average Syndicated Mortgage Specialists submit 1 deal per week which averages to \$125,000 per year income.**

FDS Broker Services is a leader in providing Canadians with an incredible investment product that offers them a consistent 8% rate of return in the proven market of Canadian real estate development.

We have openings for 5 committed, passionate, experienced salespeople who want to help consumers invest like the banks do, while achieving financial freedom in the process.

With our FasTrack training program, we will have you in the field and closing sales in less than 7 days. And what can you expect to earn? With about \$2,500 in commission per transaction, our average sales reps conduct at least one transaction per week. That's a minimum of \$125,000 you can expect to earn in your first year.

Do you qualify? Find out today by contacting us at [www.fdsbroker.com/apply](http://www.fdsbroker.com/apply) or by calling Holly at [show contact info](#)

- Principals only. Recruiters, please don't contact this job poster.
- do NOT contact us with unsolicited services or offers

post id: 4834189636 posted: 18 hours ago [email to friend](#)  [best of](#)

Finally, below is an interview with a Mr. Roy Deeks, identified as the principal broker of Unity Financial Mortgage Services. Note that Mr. Deeks' LinkedIn profile indicates that he originates syndicated mortgages through Titan Equity Group, a Fortress competitor. Nevertheless, there are reasons to believe that the referral fees are relatively comparable across providers. Mr. Deeks notes that "the referral fees are much greater than what I was earning on my standard mortgage business".

<http://www.mortgagebrokernews.ca/tv/roy-deeks-broker-retirement-plan-107175.aspx>

**Roy Deeks, Principal Broker, Unity Financial Mortgage Services, The Mortgage Centre**

**Roy Deeks:** The brokerage market is shrinking and the stock market has been volatile since 2008. It presents a challenge to both our clients as investors and to mortgage brokers to increase our broker business and to survive in this, in these trying times with the banks being more aggressive, I believe that I have found the solution to adapting to the change that we have been presented with and that is a syndicated Mortgage Investment.

It's within my expertise level, I don't have to go outside of the box and bring in Insurance Products or Investment Products that I don't understand.

It's something I can go back to my database with and actually provide additional value added to what I did when I first met them. So like most of us I spent a lifetime building this client base and how do I capitalise on that.

There's no market for selling my business, I would rather be spending less time at work and more time doing the things that I want to do with my life, so how do I do that.

And when I did my due diligence on this product, I realised that most of the work is going to be done by the product provider and all I have to do is go back to my clients and offer them something that they are focused on already and that is wealth preservation, wealth growth and income generation. I'm using it in my business and it's been a runaway success as far as I'm concerned. It's, with the beauty of the product is that it's a secured investment, the client gets an 8% guaranteed return over a three year term, plus a 12% profit participation at the end of the project and they have direct registered ownership in the mortgages registered against real security. So guaranteed returns, real tangible security with quality, bank quality projects, developers that have a proven track record and real estate which you can touch and feel whenever you happen to want to look and see how your investment is doing. The referral fees are much greater than what I was earning on my standard mortgage business, so it's solved another issue for me, I don't have to worry about selling my broker business, I can go back to my database which is a gold mine for most of us and actually offer them a product that's in tune with where their focus is in their, at their stage of life.

Regarding Titan Equity Group, note that the Ontario Securities Commission recently alleged fraud against the founder, Lance Kotton:

<http://www.thestar.com/business/2015/11/27/ontario-securities-commission-investigating-york-region-real-estate-firm-with-ties-to-toronto-fc.html>

Mr. Kotton was previously the marketing manager at Fortress (see third paragraph of press release below):

<http://www.marketwired.com/press-release/toronto-ottawa-landscape-is-about-change-with-three-new-development-projects-from-fortress-1500571.htm>

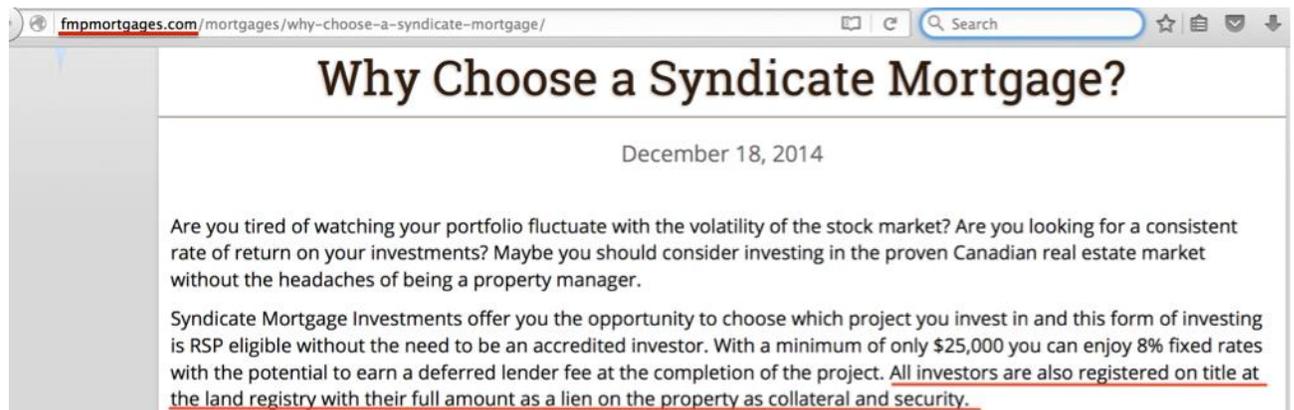
#### 4) Egregious marketing of syndicated mortgage product by realtors and mortgage brokers who collect hefty referral fees

The generous nature of the Fortress referral fees and the apparent lack of oversight from regulators regarding advertising have led to this product being egregiously marketed. **Appendix A** contains a sample of these ads, which includes statements such as 'guaranteed', 'like a GIC but paying 8%', etc.

The principals at Fortress are well aware that their product is being falsely advertised by wholesalers.

#### 5) Highly questionable land valuation

One claim seen repeatedly in advertisements for the Fortress syndicated mortgage product is that it is a 'secured' investment, meaning that investors have their loans secured by the value of the land by being directly on title. Below are just a couple examples:



fpmortgages.com/mortgages/why-choose-a-syndicate-mortgage/ Search

## Why Choose a Syndicate Mortgage?

December 18, 2014

Are you tired of watching your portfolio fluctuate with the volatility of the stock market? Are you looking for a consistent rate of return on your investments? Maybe you should consider investing in the proven Canadian real estate market without the headaches of being a property manager.

Syndicate Mortgage Investments offer you the opportunity to choose which project you invest in and this form of investing is RSP eligible without the need to be an accredited investor. With a minimum of only \$25,000 you can enjoy 8% fixed rates with the potential to earn a deferred lender fee at the completion of the project. All investors are also registered on title at the land registry with their full amount as a lien on the property as collateral and security.

.....EARN.....

# 8%

## FIXED ANNUAL INTEREST

## ON YOUR INVESTMENTS

**ADVANTAGES OF SYNDICATED MORTGAGES**

- RSP, LIRA, LIF, RIF, RESP, TFSA and CASH eligible
- Defined short term contracts
- Fixed interest and security of principal

Invest in prime Canadian real estate developments





Year	Annual Interest	Deferred Lender Fee (DLF)	Total
YEAR 1	8%	8%	16%
YEAR 2	8%	8%	16%
YEAR 3	8%	8%	16%
YEAR 4	8%	8%	16%
YEAR 5	8%	8%	16%
<b>TOTAL</b>	<b>40%</b>	<b>8%</b>	<b>48%</b>

Minimum \$30,000 investment  
 Note: This is an example based on a standard 4 year investment term.

One striking feature of many Fortress deals is the questionable valuation of the land upon which the syndicated mortgage is secured. Remember, if something goes wrong in the early stages of the process, the only recourse to investors is the value of the land, which must be sold on an 'as is' basis to recoup funds.

This is why AACI Appraisals are necessary to determine the fair market value of the parcel of land to ensure adequate value to repay investors if it had to be sold on an 'as is' basis.

Below are details of just a handful of specific Fortress projects pertaining to the purchase price of the land, the mortgage liens against the land, and the opinion of value.

Note that in many cases, liens are registered on behalf of syndicated mortgage investors within a very short time of the purchase of the parcel of land, and often at multiples of the recent purchase price. This is very troubling.

### i) Colliers Centre, Barrie

Note below that the parcel of land was sold to Mady Colliers Centre Ltd for \$4M in July 2012. One month later, a lien was registered on behalf of Fortress investors for \$17M.

[http://www.grantthornton.ca/resources/creditor\\_updates/documents/Mady%20Collier/Application%20Record%20Part%202.pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Mady%20Collier/Application%20Record%20Part%202.pdf)

See document page 207



PROPERTY DESCRIPTION: LT 81 & PT LT 82 N/S COLLIER ST PL 2, PT MARKET BLK. ALL OF LTS 98, 99 & 100 & PT LT 97 S/S WORSLEY ST PL 2 BEING PT 1 PL 51R19175; SUBJECT TO AN EASEMENT AS IN SC1030301; TOGETHER WITH AN EASEMENT OVER PT MULCASTER ST PL 2 BEING PT 2 PL 51R19175 AS IN SC1085033; CITY OF BARRIE

PROPERTY REMARKS: \*FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2013/09/16\*.

ESTATE/QUALIFIER: RECENTLY RE-ENTRY FROM 58818-0183

EIN CREATION DATE: 2013/09/16

OWNER'S NAMES: MADY COLLIER CENTRE LTD. CAPACITY SHARE

Table with columns: REG. NUM., DATE, INSTRUMENT TYPE, AMOUNT, PARTIES FROM, PARTIES TO, CERT/CHKD. Includes rows for transfers, notices, and charges with handwritten red annotations.

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY. NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

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Note from the document above that Olympia Trust is registered on title. Olympia Trust administers all mortgages that are held within registered accounts (RRSPs, TFSAs, RESPs, etc). The Canada Revenue Agency's position is that an investment is RSP eligible only if it does not exceed 100% of fair market value of the underlying collateral. There is more on this in section 6 below, but note that any time Olympia Trust is registered on title, the investment has been marketed as RSP eligible.

To justify placing a lien of this size against the parcel of land, Fortress relied upon an 'opinion of value' letter (NOT a AACI appraisal) from Cushman & Wakefield. The letter specifically states that it is not an appraisal, as it uses a 'residual value' method to determine the aggregate land contribution to the total project.

July 18, 2012

Derek Sorrenti  
Derek Sorrenti In Trust  
3800 Steeles Ave W, Suite 400  
Woodbridge, Ontario L4L 4G9

Dear Mr. Sorrenti,

**RE: THE COLLIER CENTRE, BARRIE, ONTARIO**

I am pleased to provide you with an **Opinion of Market Value** in connection with above captioned project. As you will find herein, we have provided three (3) distinct values in order to achieve an aggregate market value for the entire project. As well, we define specifically an aggregate land contribution for the project. In this regard, we will provide values on the following basis:

- 1) A market value on a Per Buildable Foot Basis for the land contribution of said development being 62,781 square feet.
- 2) A market value for the Commercial/Retail component of the project using the Income Approach.
- 3) A market value for the Office component using the Income Approach.

**It is understood by both parties that this letter does not constitute a legal appraisal and in the event that one is required, an AACI would be retained by the owner.**

The subject property comprises a 2.00 acre site and is an assembly of two (2) land parcels in Barrie's Downtown Core. The subject is strategically located and is municipally known as 90 Collier Street and 55 Mulcaster Street. The writer has confirmed that said location includes excellent local amenities including strong transit and highway access.

The proposed Collier Centre is comprised of three (3) building components that will total more than 230,000 square feet of gross floor area. The components include a seven (7) story residential condominium building (Lakeview Condominiums) and an eight (8) storey Silver LEED Class A office building which is the first of its kind in the City of Barrie. In addition, this project includes four (4) levels of commercial retail space and underground parking below the two (2) towers.

The subject development includes four (4) levels of parking containing 378 parking spaces with two (2) levels being underground parking. We understand that 80 parking units have been assigned to the 76 residential condominiums with the remaining 298 spaces available for the retail and office tenants.

The writer understands that since the project was launched in October 2011 more than 85% of the residential condominiums have been sold and 67% of the commercial and retail space has been leased to high quality covenants. The Tenants include Sobeys, The Bank of Montreal, The City of Barrie, Second Cup and Barriston Law Firm who have leased the top four (4) office floors of the tower.

The aggregate revenues in all three categories based on the above analysis amounts to \$72,042,875.00. The aggregate land contribution of all three (3) categories based on the above analysis amounts to \$21,840,090.00.

The value is supported by the advanced state of the project, including sales, leases in place with AAA tenants, zoning and permits and construction financing close to conclusion.

We hope that this letter assists you in your decision making process. Please do not hesitate to contact the writer if you require further information.

Yours truly,



John M. Filice, M.A.  
Senior Vice President & Broker

The important part to remember here is that if a problem emerged on day 1, the actual fair market value of the land providing collateral to investors if sold on an 'as is' basis would be nowhere near \$21.8M and would be very close to the \$4M original purchase price. This is indisputable!

This means that the wholesalers who market these products as 'safe' because investors are registered on title are guilty of false advertising.

Also of interest, below is a FSCO Investor/Lender Form provided to an investor in the Colliers project by a FDS representative. Note that it specifically states that an appraisal had been done and that the appraised 'as is' value is \$21.8M. This is false.

5. Appraisal: \_\_\_\_\_

No appraisal has been done on the property OR

An appraisal has been done on the property For all properties, appraised "as is" value: \$ 21,840,090.00

For **development and construction projects** projected market value when project is complete. \$ \_\_\_\_\_

Date of appraisal: July 17, 2012

Name and address of appraiser: John Filice, Cushman & Wakefield Ltd.

## ii) SkyCity, Winnipeg

A BayStreet.ca report on the SkyCity Winnipeg project suggested that the purchase price was \$9.5M in September of 2013:

[http://www.baystreet.ca/articles/research\\_reports/fundamental\\_research/Liveworkplay-Dec-2013.pdf](http://www.baystreet.ca/articles/research_reports/fundamental_research/Liveworkplay-Dec-2013.pdf)

We have reviewed the title for the property, which management acquired in September of 2013 (the Ontario offering provided the required equity to acquire the property). The property was acquired for \$9.5 million, and is owned by a numbered Manitoba company controlled by Fortress and Mady.

Note that Mady and Fortress raised money for the acquisition of the land through a separate offering. Interestingly, it appears from some online developer forums that local developers question the purchase price, with some suggesting Fortress and Mady paid a very significant premium to any other comparable sale at the time.

<http://forum.skyscraperpage.com/showthread.php?t=213641&page=12>

Posted Feb 15, 2015, 5:07 PM #237

 **Labroco**  
Registered User

Join Date: Jan 2014  
Posts: 142

Quote:

Originally Posted by **SD1**  
*I disagree completely. Simplicity is the only one putting out hard numbers and presenting a solid, reasoned critique of this project specifically, and the Fortress business model more generally. He's the reason I hang around here.*

I tend to agree...

Although a slightly gentler approach would be appreciated first thing in the morning and would add to simplicity's rational position...

You really have to ask why they spent \$9,500,000 for a site that sold months earlier for \$4,500,000 ...

That's 48,000 ft2 of land at over \$90ft2!! (Highest price to that date).

The fortress price was almost \$200ft2!!

\$5,000,000 of investors money flew out the window on the day the transaction closed...

Typical OPM mentality .

Go try and make any sense of that!

If anything it should be use as a comparable for the Carlton Avenue site in an attempt to recover its huge purchase price... (CV went on record justifying the purchase price by using this site as a comprable).

I think this sale will be excluded though in an attempt to average down the final Carlton sale price...

 Quote

Quote:

Originally Posted by **Labroco**  
*I tend to agree...*

*Although a slightly gentler approach would be appreciated first thing in the morning and would add to simplicity's rational position...*

*You really have to ask why they spent \$9,500,000 for a site that sold months earlier for \$4,500,000 ...*

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*The fortress price was almost \$200ft2!!*

*\$5,000,000 of investors money flew out the window on the day the transaction closed...*

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*Go try and make any sense of that!*

*If anything it should be use as a comparable for the Carlton Avenue site in an attempt to recover its huge purchase price... (CV went on record justifying the purchase price by using this site as a comprable).*

*I think this sale will be excluded though in an attempt to average down the final Carlton sale price...*

I think the site is actually closer to an 1.5 acres making the price closer to \$150 sq ft - but yeah, ridiculous.

And it's explained by the fact that Fortress takes a commission on the deal from the investors for putting it together. Their incentive lies in manipulating the value to the high side as far as it will go. And it's funny because not long after that deal closed I had a commercial appraisal done on a property on a similar piece of property by a very reputable AACI appraiser. He went out of his way to throw out the comparable noting that there's absolutely no justification for it, so if CV was using that to justify their purchase of the Carlton Inn, they're either too unsophisticated to deal with property valuation or complicit. Neither better than the other.

If true, this raises serious questions. If the parcel of land was acquired at a significant premium to market, then this was either a significant oversight on the part of management and raises questions about their competency and market expertise, or it raises more serious questions related to potential malfeasance.

A title search indicates that in September 2013, the same month that Fortress/Mady closed on the land, two liens were registered against the land for a combined value of \$15M:

The first mortgage to Firm Capital

**STATUS OF TITLE**

Title Number      2779578/1  
Title Status        Accepted  
Client File         02/16

**The Property Registry**

A Service Provider for the Province of Manitoba



**1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION**

6566074 MANITOBA LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON, IN THE FOLLOWING DESCRIBED LAND:

LOTS 1 TO 5, BOTH INCLUSIVE, PLAN 34485 WLTO  
IN RL 1 PARISH OF ST JOHN.

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Real Property Act*.

**2. ACTIVE INSTRUMENTS**

Instrument Type:      **Mortgage**  
Registration Number:    **4401257/1**  
Instrument Status:      **Accepted**  
  
Registration Date:      **2013-09-09**  
From/By:                6566074 MANITOBA LTD.  
To:                        FIRM CAPITAL MORTGAGE FUND INC.  
  
Amount:                 **\$5,000,000.00**  
Notes:                  No notes  
Description:             No description

**INSTRUMENTS THAT AFFECT THIS INSTRUMENT**

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4666984/1	Amending Agreement	Accepted

The second mortgage to Olympia Trust (i.e. the Fortress syndicated mortgage):

Instrument Type:	<b>Mortgage</b>
Registration Number:	<b>4401262/1</b>
Instrument Status:	<b>Accepted</b>
Registration Date:	<b>2013-09-09</b>
From/By:	<b>6566074 MANITOBA LTD.</b>
To:	<b>OLYMPIA TRUST COMPANY</b>
Amount:	<b>\$10,000,000.00</b>
Notes:	No notes
Description:	No description

INSTRUMENTS THAT AFFECT THIS INSTRUMENT		
Registration Number	Instrument Type	Status
4456408/1	Amending Agreement	Accepted
4547993/1	Amending Agreement	Accepted
4569696/1	Amending Agreement	Accepted
4594968/1	Amending Agreement	Accepted
4675768/1	Amending Agreement	Accepted

Even assuming that the \$9.5M purchase price was a fair market value (a generous assumption), there are still \$15M in liens on a property that sold less than a month earlier for significantly less than that.

Marketing materials for the project acknowledge that there will be a first and second mortgage for a total of \$15-16M against the land. However, they claim that this represents a loan to value ratio of 88%:



(\$5,000,000.00 buffer) over the duration of the project. Please see funding schedule below for a detailed explanation.

**Loan to Value:**

88% based on a value as above and a face amount as above.

1<sup>st</sup> Mortgage: \$5,800,000.00 first charge to the first mortgagee.

2<sup>nd</sup> Mortgage (CTMI): \$10,000,000.00 charge to Centro Mortgage Inc., (Assigned to Olympia Trust Company)

Based on a market value of \$18,000,000.00

**88% LTV????**

Once again, an 'opinion of value' based on a residual value approach was used rather than a AACI appraisal based on fair market value. Below are two screenshots from the report, authored by Legacy Global Mercantile Partners Ltd.

**VALUATION - RESIDUAL METHOD**

Applying the residual method of valuation, it is in our opinion that the market value of the land based on the approval of the proposed site plan is approximately \$18,000,000 to \$20,000,000 (Rounded) or \$32,690 to \$36,569 per build-able residential unit.

The following details and pro-forma are based on the provided information for the proposed mixed-use condominium development, in addition to the writer’s analysis and assumptions related to pricing, construction costs, profit targets, and other market variables within that region.

*Development Details*

Lot Size (Acres)	1.12	Sellable Area (Sq. Ft.) - Residential <sub>3</sub>	450,612
Lot Size (Sq. Ft.)	48,741	Sellable Area (Sq. Ft.) - Commercial <sub>3</sub>	88,960
		<b>Total Sellable Area (Sq. Ft.)</b>	<b>539,572</b>
Below Grade Parking Area (Sq. Ft.) <sub>1</sub>	186,000	Total Number of Residential Units	546
Above Grade Parking Area (Sq. Ft.) <sub>1</sub>	91,500	Average Residential Unit Size (Sq Ft)	825.3
Gross Livable Area (Sq. Ft.) - Residential <sub>2</sub>	530,132		
Gross Livable Area (Sq. Ft.) - Commercial <sub>2</sub>	104,659	Number of Residential Parking Stalls	463
<b>Gross Floor Area (Sq. Ft.)<sub>1</sub></b>	<b>912,291</b>	Number of Commercial Parking Stalls	462
<b>Total Gross Livable Area (Sq. Ft.)<sub>2</sub></b>	<b>634,791</b>	Residential Parking Ratio / Unit	0.8
		Storage Lockers - Residential	545
Floor Area Ratio	18.7	Storage Lockers - Commercial	30
Average Floor Efficiency Above Grade	85.0%		

## RESIDUAL METHOD CALCULATIONS

### Residual Value Pro-forma - Lower Range

Est. Proceeds from Condo Unit Sales	\$ 155,461,140	@ \$ 345 per Sellable Square Foot
Est. Proceeds from Commercial Unit Sales	\$ 44,480,000	@ \$ 500 per Sellable Square Foot
Est. Proceeds from Parking Spot Sales	\$ 17,250,000	@ \$ 25,000 per Sellable Parking Spot (690) 4
Est. Proceeds from Residential Locker Sales	\$ 1,911,000	@ \$ 3,500 per Sellable Locker (545)
Est. Proceeds from Comm. Locker Sales	\$ 300,000	@ \$ 10,000 per Sellable Locker (30)
<b>Total Revenue</b>	<b>\$ 219,402,140</b>	

Condo Construction - Hard Costs	\$ 120,610,290	\$ 190 per Gross Livable Area 4
Above Grade Parking Construction - HC	\$ 6,405,000	\$ 70 per Square Foot 4
Construction - Soft Costs	\$ 25,403,058	@ 20% of Hard Construction Costs
Marketing	\$ 10,970,107	@ 5% of Gross Sales Revenue
Contingency	\$ 4,572,550	@ 3% of Hard & Soft Construction Costs
<b>Total Costs</b>	<b>\$ 167,961,005</b>	

**Profit / Entrepreneurial Incentive** \$ 33,592,201 @ 20% of Total Costs

**Residual Value** \$ 17,848,933 \$ 19.56 per Build-able Sq. Ft. (GFA)  
\$ 32,690 per Sale-able Unit

### Residual Value Pro-forma - Upper Range

Est. Proceeds from Condo Unit Sales	\$ 157,714,200	@ \$ 350 per Sellable Square Foot
Est. Proceeds from Commercial Unit Sales	\$ 44,480,000	@ \$ 500 per Sellable Square Foot
Est. Proceeds from Parking Spot Sales	\$ 17,250,000	@ \$ 25,000 per Sellable Parking Spot (690) 4
Est. Proceeds from Residential Locker Sales	\$ 1,911,000	@ \$ 3,500 per Sellable Locker (545)
Est. Proceeds from Comm. Locker Sales	\$ 300,000	@ \$ 10,000 per Sellable Locker (30)
<b>Total Revenue</b>	<b>\$ 221,655,200</b>	

Condo Construction - Hard Costs	\$ 120,610,290	\$ 190 per Gross Livable Area 4
Above Grade Parking Construction - HC	\$ 6,405,000	\$ 70 per Square Foot 4
Construction - Soft Costs	\$ 25,403,058	@ 20% of Hard Construction Costs
Marketing	\$ 11,082,760	@ 5% of Gross Sales Revenue
Contingency	\$ 4,572,550	@ 3% of Hard & Soft Construction Costs
<b>Total Costs</b>	<b>\$ 168,073,658</b>	

**Profit / Entrepreneurial Incentive** \$ 33,614,732 @ 20% of Total Costs

**Residual Value** \$ 19,966,810 \$ 21.89 per Build-able Sq. Ft. (GFA)  
\$ 36,569 per Sale-able Unit

It's worth repeating that if something went wrong with the project, there would be a very significant shortfall between the assets recovered during sale and the total liens on the property. Investors, who were told that their investments were 'safe' and 'secured', would face significant, if not total, losses.

iii) Lake East in Oakville

The property was acquired May 28, 2015 for \$1,860,000. On the same day the property transaction closed, \$5.7M in liens were registered against the property. These included a first mortgage to Vector Financial Services Inc. for \$2,696,250 and a second mortgage to Centro Mortgage Inc. (i.e. a Fortress syndicated mortgage) for \$3,000,000.



ServiceOntario

LAND  
REGISTRY  
OFFICE #20

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

24762-0342 (LT)

PAGE 2 OF 3  
PREPARED FOR ALCYIA  
ON 2016/01/27 AT 17:55:06

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\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
HR514415	2006/09/27	CHARGE		*** COMPLETELY DELETED *** 2110749 ONTARIO INC.	THE TORONTO-DOMINION BANK	
HR519176	2006/10/17	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
REMARKS: RE: HR981008						
HR1269036	2015/05/28	TRANSFER	\$1,860,000	2110749 ONTARIO INC.	SYMCINE (LAKE EAST) INC.	C
HR1269081	2015/05/28	CHARGE	\$2,696,250	SYMCINE (LAKE EAST) INC.	VECTOR FINANCIAL SERVICES LIMITED	C
HR1269082	2015/05/28	NO ABSCH RENT GEN		SYMCINE (LAKE EAST) INC.	VECTOR FINANCIAL SERVICES LIMITED	C
REMARKS: HR1269081.						
HR1269101	2015/05/28	CHARGE	\$3,000,000	SYMCINE (LAKE EAST) INC.	CENTRO MORTGAGE INC.	C
HR1269102	2015/05/28	TRANSFER OF CHARGE		CENTRO MORTGAGE INC.	CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	C
REMARKS: HR1269101.						
HR1273433	2015/06/15	TRANSFER OF CHARGE		CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	C
REMARKS: HR1269101, HR1269102 HR1269101						
HR1279796	2015/07/07	TRANSFER OF CHARGE		CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	C
REMARKS: HR1269101, HR1273433 HR1269101						
HR1282701	2015/07/16	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE TORONTO-DOMINION BANK		
REMARKS: HR514415.						
HR1286251	2015/07/30	NOTICE		SYMCINE (LAKE EAST) INC.	CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	C
REMARKS: HR1269101						
HR1286255	2015/07/30	TRANSFER OF CHARGE		CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	CENTRO MORTGAGE INC. OLYMPIA TRUST COMPANY	C
REMARKS: HR1269101						

Purchased for \$1.86M

Liens totalling \$5.7M registered against the land on the SAME DAY it closed

Including a \$3M lien from Fortress investors (closed by Centro Mortgage Inc)

Note that the first mortgage is for a term of two years at the greater rate of 8.75% or CIBC prime rate plus 4.75%, and after maturity on July 10, 2017 at the rate of 12%. The payments are interest only monthly and the interest is compounded monthly. There are four guarantors on this mortgage.

Conversely, the second mortgage, which has no guarantors, is in subordinate position, and is for a longer term, carries a stated interest rate of 8%. It is highly unusual to see a situation in which a subordinate loan with a longer term and fewer personal guarantees would have a lower rate than the first mortgage.

Examples like this are the norm, not the exception. Many more similar deals could be highlighted here.

**6) Questionable RSP eligibility given overstatement of land value. Same firm that issues opinion letters on RSP eligibility also sends threatening letters to Fortress detractors**

Mortgage investments may be placed within a tax sheltered, registered account only if the value of the mortgage does not exceed 100% of the value of the land on a 'as is' basis. Canada Revenue Agency refers to this as 'fully secured'.

Below are highlights from CRA letter regarding their policy on RSP eligibility of mortgage investments:

<http://taxmentor.ca/av/2010-0373231C6.pdf>

Paragraph 4900(1)(j) of the Regulations provides that a debt obligation is a qualified investment if it is fully secured by a mortgage in respect of real property situated in Canada and the debtor is not a connected person under the governing plan of the plan trust (i.e., the debtor cannot be the annuitant under the RRSP or a person not dealing at arm's length with the annuitant). These conditions apply on an on-going basis, except that any decline in the FMV of the real property after the debt obligation was issued can be ignored in determining whether the "fully secured" condition is met.

[...] In general, a mortgage loan would be considered to be "fully secured" if the value of the real property, pledged by the borrower to the lender should the borrower default on repayment of the loan, is sufficient to cover the full amount of the principal and interest outstanding on the loan. This is a question of fact in each case.

[...] In general, we would note that RRSP issuers are expected to take reasonable steps in monitoring the on-going status of qualified investments. In the context of mortgage investments, it would seem to us that a change in ranking of the RRSP mortgage or the issuance of additional debt that has priority over the RRSP mortgage would necessitate an assessment by the RRSP issuer of whether the investment continues to satisfy the eligibility criteria in paragraph 4900(1)(j) of the Regulations. Depending on the circumstances, this may require the RRSP issuer to obtain a current valuation of the real property security and a confirmation of the total amount of debt in priority to the RRSP mortgage.

[...] Your final question relates to a variation to the arrangement described above. In this alternative, the RRSP trust would finance both the purchase of the land and the development of the project. Periodic advances would be made by the RRSP trust and it would have a first mortgage over the land and project. As you note, the issues with this alternative are similar to those discussed above in that the "fully secured" condition would need to be satisfied at all times in order for the mortgage investment to be a qualified investment for the RRSP trust.

It is very clear that these mortgages do not meet the requirements for RSP eligibility. Yet Barry Segal of Norton Rose Fulbright has issued tax opinions on a number of (if not all of) Fortress syndicated mortgage offerings:



25 Brodie Drive, Unit 8  
Richmond Hill, Ontario L4B 3K7  
Lic#10102 Admin Lic# 12304  
Tel: 905-508-4828  
Fax: 905-508-3957

June 9, 2015

[REDACTED]

Dear [REDACTED]

**Re: RRSP Qualification/Eligibility in a Syndicated Mortgage Investment**

This letter is to confirm that Centro Mortgage Inc. obtains a legal tax opinion for each of our syndicate mortgages on every project. Below you will find our confirmation that a tax opinion was requested and provided for each of the projects you are invested in and are eligible for RRSP qualification.

Based on a tax opinion authored by Barry Segal at Norton Rose Fulbright Canada LLP, Barristers & Solicitors on February 26, 2015 for Averton (Rutherford) Inc. project Centro Mortgage Inc. has vetted and deem the transaction RSP Eligible.

Based on a tax opinion authored by Barry Segal at Norton Rose Fulbright Canada LLP, Barristers & Solicitors on October 28, 2014 for North (Lamb Edmonton Corp) project Centro Mortgage Inc. has vetted and deem the transaction RSP Eligible.

Based on a tax opinion authored by Barry Segal at Norton Rose Fulbright Canada LLP, Barristers & Solicitors on May 26, 2015 for Cachet (Emerald Castle Development Inc.) project Centro Mortgage Inc. has vetted and deem the transaction RSP Eligible.

Kind Regards,  
Ildina Galati  
Principal Broker  
Centro Mortgage Inc.

Note that Norton Rose Fulbright is the same law firm that issued the threatening letters to Fortress detractors, as outlined in section 2 above.

As part of the loan agreement when investing in a Fortress syndicated mortgage, investors acknowledge that they may have adverse tax consequences as a result of this investment, which may include remitting 50% of the original mortgage amount to CRA regardless of how that mortgage performed:

18. Fortress, the Borrower and the Lender each acknowledge and agree that Olympia may be required to deem this mortgage to be a Non-Qualified Investment pursuant to the *Income Tax Act* (Canada) in the event that it is concluded that the First Priority Construction Loans and the mortgage granted to all of the Junior Secured Lenders exceeds the fair market value of the Lands. Further, the parties also acknowledge that Olympia may be required to deem this mortgage to be a Non-Qualified investment pursuant to the *Income Tax Act* (Canada) in the event that the Borrower fails to provide Olympia with the requisite confirmation as to the value of the Lands as set out above: if the mortgage is deemed as a Non-Qualified Investment, a statement will be issued to the Lender and Canada Revenue Agency (hereinafter called "CRA") by Olympia, advising of the Non-Qualified Status, and the Lender will be required to complete and file certain forms with CRA, including an RC339, *Individual Return for Certain Taxes for RRSPs or RRIFs for Tax Year 20\_\_* with CRA. The Lender acknowledges that a tax of 50% of the Loan Amount for the Lender at the time the mortgage was deemed Non-Qualified will need to be remitted to CRA with the RC339. The Borrower and the Lender acknowledge and agree that the Lender will suffer adverse tax consequences in the event that Olympia is required to deem the mortgage to be a Non-Qualified investment in accordance with the *Income Tax Act* (Canada) and each of the Borrower agrees to use its commercially reasonable efforts to take such actions to avoid such result.

**7) Free "independent" legal advice given to investors by the law firm that is paid by the borrower...a clear conflict of interest!**

Prospective investors are told to get independent legal advice (ILA) regarding the merits of the mortgage investment, suitability, etc. Under the Rules of Professional Conduct of the Law Society of Upper Canada, a lawyer providing ILA to his client is required to meet with the client and be paid for this service by the client, and the meeting must take place without any parties being present unless a translator is required.

Prospective Fortress investors are told that if they use the lawyer recommended by the mortgage broker, then the ILA fee would be paid for.

Below is a screenshot from the FDS Broker web page:

www.fdsbroker.com/how-do-i-get-started/

HOME ABOUT FDS MORTGAGES INVESTMENT PROJECTS MAGAZINE EVENTS FAQ CONTACT

3. Project Starts  
4. Interest Paid  
5. Project Completed  
6. Principal Returned  
Current Investment Projects

## Investment Application

Each investor goes through in-depth paperwork for each project to ensure individual suitability and to receive full disclosure on the investment itself.

### Independent Legal Advice

Before signing any investment documents, each investor is provided with FREE independent legal advice to go through each page of the paperwork which outlines the details of the project. As an investor, you receive full disclosure to invest with confidence knowing exactly what it is you're getting involved in.

If a prospective investor wishes to take advantage of this free 'independent' legal advice, the mortgage broker/agent makes an appointment with a Fortress-approved lawyer and arranges a meeting. The meeting can be either via phone conversation or in person.

Below is a certificate for independent legal advice for an investor on a Fortress project:

Certificate of Independent Legal Advice

TO: Centro Mortgage Inc. (Centro)

On the date below stated, I was consulted by [REDACTED] (the Lender) as to the effect of him/her executing the Investment Authority- Form 9D with respect to the following project:

- Borrower/Developer Name: Lamb Edmonton Corp. (North)
- Project Address: 10305/21 106th Street NW, Edmonton, AB

I explained to him/her the nature of the document described above and confirmed his/her understanding of material terms stated in the document. I also advised him/her of certain risks involved in his/her investment by way of the syndicated mortgage product (Fortress Real Capital) as presented by Centro.

He/she has informed that he/she understands the nature and effect of executing the document and that in executing the document he/she is acting freely and voluntarily and not under any undue influence.

I have given this advice to [REDACTED] (the Lender) as his/her solicitor and in his/her interest only and without regard to or consideration for the interest of any other parties. I am not acting on behalf of the Borrower, Centro or any other persons in connection with this matter. I have confirmed that the person whose signature is witnessed below and to whom I provided independent legal advice is the same person referred to in this Certificate as having received advice.

DATED at Vaughan this 24<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Lawyer Signature  
Grant Morgan

Note that the lawyer's name is Grant Morgan. From Mr. Morgan's LinkedIn profile:

<https://www.linkedin.com/in/grant-morgan-baa1b713>

**Associate Counsel**

Sorrenti Law

**Same firm that closed the mortgage for Fortress**

January 2013 – January 2016 (3 years 1 month) | Vaughan, ON

-Advised clients and developed plans and strategy for range of commercial and real estate law matters.  
-Specialized in commercial real estate development, development compliance, and project finance issues.

It is unclear if Sorrenti Law provides ILA to all Fortress investors, but to the extent that this firm is providing ILA to investors AND is closing the mortgage on behalf of the borrower, there is a clear conflict of interest, and they are in violation of the Rules of Professional Conduct of the Law Society of Upper Canada.

The conflict here is clear: The borrower (Fortress) wants the lender/investor to advance the funds. In this case, the investor's interest is adverse to that of the borrower. Further, the mortgage broker, who is also present during the meeting, only gets paid their commission if the investor advances funds. The law firm can not represent both of their best interests simultaneously.

### 8) Fortress wholesalers in violation of investment suitability

FSCO has set out the following FAQ's for the licensed parties to reinforce what they are required to do when dealing with mortgage investors.

<https://www.fSCO.gov.on.ca/en/mortgage/Pages/DSRBLI.aspx#DtLalans20>

#### Do I need to disclose to an investor that a mortgage may not always be a good investment?

Each Mortgage Brokerage has a duty to ensure that a mortgage investment is suitable for the potential investor, having regard to the investor's needs and circumstances. The Mortgage Brokerage is also required to disclose material risks of the mortgage investment in writing to the potential investor. For more details, please refer to section 25 of Ontario Regulation 188/08 - Mortgage Brokerages: Standards of Practice. Please note that this requirement does not apply for "designated classes of lenders and investors" (see section 2 of Ontario Regulation 188/08 - Mortgage Brokerages: Standards of Practice).

Below is a 'Know Your Client' form filled out on behalf of a Fortress syndicated mortgage investor in the Colliers Centre project in Barrie. Note that they deem their risk tolerance to be 'medium' and would rather accept lower return in exchange for less risk:

<b>Risk Tolerance Scale</b> Choose the number that best reflects your level of risk tolerance. 1. LOW 2. <input checked="" type="checkbox"/> MEDIUM 3. MEDIUM - HIGH 4. HIGH	<b>Mortgage Knowledge</b> <input type="checkbox"/> Sophisticated <input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Novice <b>Liquidity Requirement</b> <input checked="" type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years <input type="checkbox"/> 5-10 Years <input type="checkbox"/> 11-20 Years <input type="checkbox"/> 20+ Years <b>Objectives</b> <input type="checkbox"/> Safety <input checked="" type="checkbox"/> Income <input type="checkbox"/> Balance <input type="checkbox"/> Aggressive <input type="checkbox"/> Speculation <input type="checkbox"/> Growth
---	---

1. Do you need all of your invested money back before the end of the term of the investment?

Yes

No

2. Your financial stability is important when determining how much risk you can tolerate in your investments. Do you feel that your current financial situation is:

Very Secure

Relatively Secure

Secure

Somewhat Secure

Not Secure

3. Which statement best describes your preferred approach to investing?

I would rather accept a lower rate of return to reduce my risk

I would like to achieve a high rate of return and am willing to accept a greater degree of risk.

By Fortress' own admission, syndicated mortgages to finance construction activity are 'speculative' and involve a 'high degree of risk'. Clearly this investor should never have been placed in this investment. They are now facing the prospect of significant loss on their investment in the Colliers Centre, as discussed below.

## 9) A case study in how it can all go wrong: Colliers Centre in Barrie

### Timeline of events:

**February 2012** - Charles Mady announces the launch of Collier Centre in Barrie, Ontario, with 75% of the project's Lakeview Condos sold and occupancy scheduled for summer 2014.

**July 2012** – Fortress markets the syndicated second mortgage (mortgage registered on July 3, loan agreement with Mady dated July 26) on the project to investors, promising a 24-month redemption on the notes as indicated by the screen shot from the Fortress web site.

Term:	Current Value:	Built Value:	Current Raise:
24 mths	\$5.7 M	\$28 M	\$16.9 M

Collier Centre and LAKEview condominiums is a mixed use mid-rise development in downtown Barrie with the 7 storey LAKEview Condominiums as its residential component. The commercial retail and office components of the project have attracted \*AAA\* Rated anchor tenants like Bank of Montreal, City of Barrie and Sobey's. 67% of this space has been leased out. LAKEview Condominiums has also achieved unprecedented success with 85% of the 76 condominium units already sold. Both the office and residential buildings will have spectacular views of Kempenfelt Bay and Barrie's picturesque downtown.

**Terms at a Glance**  
24 month term, 8% interest earned annually, interest to be paid monthly, 6% deferred lender fee upon completion, 85% Loan to Value ratio. This project is only available in Ontario.

**Use of Proceeds**  
Funding of construction equity for residential component, deposit value equivalent for commercial and retail portion, purchase of project participation.

**Available Supporting Documentation**  
Valuation report, pro-forma, zoning confirmation, site plan, demolition permit

DEVELOPMENT & CONSTRUCTION

### 2 Year Growth chart

Collier Centre & Lakeview Condos  
by MADY Development Corp.

Time (Months)	Value (\$M)
0 Months	INITIAL VALUE: \$5.7M
24 Months	COMPLETED VALUE: \$28M

@FortressRDI tweets from late July reference a Fortress presentation in Barrie to a large group of investors about the project. Note the high regard Fortress had for this project in calling it a “slam dunk” in another July 2012 tweet.



**FortressDevelopments** @FortressRDI · 30 Jul 2012

Just about to start up the #fortressevent for the Collier Centre project at the Mady Centre for the Performing Arts



**FortressDevelopments** @FortressRDI · 30 Jul 2012

Stopped by the LakeView Condo's sales centre up in Barrie. This project is a slam dunk

**2013-2014** - Over this time period, Fortress provided updates on construction progress and lease signings. Curiously, there is no mention of the slippage of the original occupancy date of summer 2014, or the 24-month maturity of the investor notes in late summer 2014

**October 2014** – From the Collier project updates section of the Fortress web site (copied below), comes news that the office/retail component is “almost complete”, followed, in November, by a tweet from Vince Petrozza featuring a picture of the unenclosed steel frame office segment of the project with the comment “looking great!”

#### October 2014

Construction on the office/retail component is almost complete at Collier Centre with the BMO bank already open for business. The condominium tower, which is fully sold out, is expected to be completed later next year.



Vince Petrozza @vincepetrozza - Nov 16

Our @FortressRDI stakeholder team monitor projects progress from afar @MadyDevelopment collier proj looking great!



← ↻ 2 ❤️ 1 ⋮

**January 2015** – At this point the Fortress website notes that the project had been “winterized”. In reality, by the end of January, Laurentian Bank had stopped funding the construction loan for the project, contractors had filed numerous liens for nonpayment and stopped working, and, finally, Mady Development sought protection for the project under CCAA.

<http://www.thebarrieexaminer.com/2015/02/02/dt-barrie-project-remains-stalled>

The Fortress website continued to list the project as “winterized” until early May. There appears to be no word on the disposition of investor notes, which by May were almost a year past their apparent advertised term.

## Project Summary

Collier Centre and LAKEview condominiums is a mixed use mid-rise development in downtown Barrie with the 7-storey LAKEview Condominiums as its residential component. This mature development is fully approved. The commercial retail and office components of the project have attracted \*AAA\* Rated anchor tenants like Bank of Montreal, City of Barrie and Sobeys. 67% of this space has been leased out. LAKEview Condominiums has also achieved unprecedented success with 100% of the condominium units already sold. Both the office and residential buildings will have spectacular views of Kempenfelt Bay and Barrie’s picturesque downtown.

For details on the commercial space, please visit Northwest Atlantic’s listing [NWA Retail](#).

## Project Updates

**January 2015**

Construction for the project is currently winterized, and this will cause a delay in the overall project timeline.

**November 2015-** As Mady had filed for credit protection, the Colliers Centre project was tied up in CCAA proceedings until November 2015 when Fortress acquired the project by way of a vesting order at a price of \$32.7M.

This development was loudly trumpeted by Fortress as a 'successful acquisition', with the wording suggesting that somehow this was 'good news' for their investors:

## Fortress successfully acquires the Collier Centre development in Barrie



TORONTO, Nov. 16, 2015 /CNW/ - Fortress Collier Centre Ltd. ("Fortress Collier"), an affiliate of Fortress Real Developments Inc. ("Fortress"), announced today that it has successfully completed the acquisition of the Collier Centre project in downtown Barrie. Following court approval last week, all conditions were met, allowing Fortress Collier to purchase the property and secure complete control of the project. Financial terms of the purchase have not yet been released.

Vince Petrozza, COO at Fortress spearheaded the process and relied on the collaboration of both internal and external personnel. He stated, "This acquisition was made possible through the incredibly talented Fortress team who brings expertise from multiple disciplines to assess, process, plan and execute on the many facets of this transaction. Financing, construction and legal were all integral parts of helping win and close this bid."

The project began construction in September 2012 and is already 65% complete, but came under distress in November 2014. According to the court-appointed monitor's reports, over \$7 million was unaccounted for in the project by the previous developer. Frank Margani, Executive VP at Fortress stressed, "This was an incredibly challenging process that was exacerbated by a very troubling situation left behind by those before us. Our team was resilient in executing a sound plan to protect and improve this asset on behalf of all stakeholders. This represents the fourth transaction with this former developer in which a Fortress affiliate has successfully worked out a distressed project."

Fortress sees this site as one with tremendous value as a marquee mixed-use development in the City of Barrie. "Our mortgage brokers and agents are pleased to pass this news on to the syndicate mortgage lenders in this project. We are impressed with the commitment Fortress has demonstrated time and again in getting projects back on track," stated Ildina Galati, Mortgage Broker at Centro Mortgage Inc.

In reality, court records clearly indicated that the original Fortress investors had been completely wiped out in the bankruptcy proceedings:

- (z) According to the seventh report of the Monitor dated November 5, 2015, the proceeds of the sale will be used to satisfy the current balance of the DIP facility, the estimated disbursements set out in the closing cash flow, and all claims for holdback deficiencies made by construction lien claimants. The sale proceeds will also provide a substantial recovery for Laurentian Bank of Canada.

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However, no distribution of the sales proceeds will be made to Sorrenti or Olympia in respect of the syndicated lenders:

[http://www.grantthornton.ca/resources/creditor\\_updates/documents/Mady%20Collier/Amended%20Notice%20of%20Motion.pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Mady%20Collier/Amended%20Notice%20of%20Motion.pdf)

Consequently, a memo was circulated to the original Colliers Centre investors, dated November 24, 2015, which acknowledged that the original mortgage was fully impaired, but suggested that investors may get paid back from future profits on the development:

For you, an original Mady Collier Centre Ltd. investor, whose interest in the Project had been secured by the Sorrenti Charge, Fortress intends to re-establish rights to revenue from the Project. To achieve this, Fortress will be entering into an agreement with OTC and Derek Sorrenti to confirm that after all applicable Project costs and financing are paid in full, and, to the extent there is net cash flow available from the Project after repayment of the prior ranking security, this net cash flow will be distributed to the original Mady Collier Centre Ltd. investors to repay their investments. In order to maintain the original Mady Collier Centre Ltd. investors' interest in the land, this right to cash flow will be secured in a new mortgage, which will be circulated shortly.

Although Fortress cannot guarantee what the recovery will be for the original Mady Collier Centre Ltd. investors, the transactions described in this notice means that original Mady Collier Centre Ltd. investors continue to have an interest in Collier Centre. Based on the current pro formas, Fortress is optimistic that such investments may yet yield a positive return. The interests of the original Mady Collier Centre Ltd. investors was very much in jeopardy during this sale process. Had Fortress not acquired the Project, there would have been no recovery by the original Mady Collier Centre Ltd. investors and your investment would have been lost.

We look forward to completing construction of the Project in the next year, and it is our intent to create the value required to sell the commercial and retail portions needed to pay back the principal monies you lent to Mady Colliers originally. We have a target sales price of \$79M for the commercial component, and while this can change either way during construction, we believe it is achievable and would allow recovery of your investment. We already have excellent major tenants secured including BMO Bank of Montreal, BMO Nesbitt Burns and an agreement for government occupancy with the City of Barrie. We will keep you posted as new tenants are secured and the building progresses. The actions of Mady Colliers resulted in a sequence of events that threatened the value of your investment. We are pleased to have developed a plan to recover its full value.

Yours truly,

**Fortress Collier Centre Ltd.**

But how likely is it that the original investors receive their money back?

Court records indicate that Laurentian Bank appraised the completed project at \$72.4M in their initial loan agreement:



December 13, 2012

Mady Development Corporation  
8791 Woodbine Avenue, Suite 100,  
Markham, ON  
L3R 0P4

Attention: Greg Puklicz, Senior Vice President

Dear Sir:

RE: Borrower: Mady Collier Centre Ltd.  
Property Address: 90 Collier Street and 55 Mulcaster Street, Barrie, Ontario (the "Property")  
Project Name: Lakeview Condominiums and Collier Centre  
Mortgage Number: 1441690.1

LAURENTIAN BANK OF CANADA ("Laurentian Bank" or "LBC") and other co-lenders to be named, (Laurentian Bank and such lenders acting severally, hereinafter collectively called the "Lender") are pleased to offer to the Borrower a commitment (the "Commitment") to finance a loan (the "Loan") upon the following terms and security:

8. FACILITIES:

The following facilities will be made available to the Borrower, when not in default (collectively, the Facilities):

Facility 1: \$48,237,000.00 (maximum) Demand Interim Non-Revolving Construction Loan Facility

**Implied appraised value =  
\$48.2M x 66.6%  
= \$72.4M**

A demand loan in the amount of the lesser of the following:

- a) \$48,237,000.00;
- b) 73.50% of costs; and
- c) 66.60% of appraised value as completed (net of HST).

A project pro forma contained in the Monitors Report suggests total revenues of roughly \$76M:

**Proforma Project Financial Statements**

<b>REVENUES</b>		
Retail Sales	\$ 26,579,695	
Office Sales	32,116,746	
Parking Sales (Sobeys)	880,000	
Parking Sales (Operator)	524,504	
Residential Sales - Condominium	16,013,117	
Recoveries from Purchasers on Closings	244,720	<b>\$76,358,782</b>
<b>EXPENSES</b>		
Land	\$ 6,951,592	
Hard Costs	47,118,759	
Soft Costs	9,601,148	<b>\$63,671,498</b>
<b>GROSS PROFIT</b>		<b>\$12,687,283</b>
<b>ADDBACK:</b>		
FMV of 90 Parking Spaces	\$ 2,250,000	
Office Tower Lease Subsidy (City of Barrie)	\$ 1,667,592	\$ 3,917,592
<b>NET PROFIT</b>		<b>\$16,604,875</b>
<b>RATE OF RETURN AGAINST EXPENSES</b>		<b>28%</b>

This figure aligns with the opinion of value by Cushman & Wakefield, highlighted in section 5-i above. Note, however, that the estimated market value was reached by using the projected income generated off the commercial and retail components of the development.

This is problematic since the two anchor tenants in this development, collectively responsible for 76,000 square feet of commercial/office space, have pulled out of the rental agreement due to delays:

*Collier Centre includes:*

- Retail – 27,000 square feet to be completed in late 2014
- Office – 90,000 square feet to be completed in early 2015
- Condos – 82 units to be completed a year from now
- Approximately 400 parking spots

*Notable tenants include:*

- Bank of Montreal: 14,000 square feet
- Sobeys: 36,000 square feet
- Barriston LLP: 40,000 square feet

**By far the two largest tenants have pulled out. Massive vacancies means much lower valuation until new tenants are found**

<http://www.thebarrieexaminer.com/2014/04/24/collier-centre-tenants-list-growing>

This strongly suggests that the fair market value of the project, as currently tenanted, is significantly less than the original appraisal.

Complicating things further is the fact that there are currently \$97M in liens against the property, with the final \$16.9M being the original investors. By all conceivable estimates, this figure is well in excess of any realizable sale price, meaning it is overwhelmingly likely that the original investors will eventually see significant, if not total, losses.

Equity Estimate																					
Equity Estimate		Estimated Value	Registered Mortgages (Total Face Value)																		
N/A	=	N/A	less \$ 97,146,950																		
			<table border="1"> <thead> <tr> <th>5 Mortgages</th> <th>Institution</th> <th>Date Issued</th> </tr> </thead> <tbody> <tr> <td>\$ 16,921,950</td> <td>CENTRO MORTGAGE INC.</td> <td>12-24-2015</td> </tr> <tr> <td>\$ 10,000,000</td> <td>CENTRO MORTGAGE INC.</td> <td>12-10-2015</td> </tr> <tr> <td>\$ 7,225,000</td> <td>RW FORTRESS INC.</td> <td>11-16-2015</td> </tr> <tr> <td>\$ 3,000,000</td> <td>AVIVA INSURANCE COMPANY OF CANADA</td> <td>11-16-2015</td> </tr> <tr> <td>\$ 60,000,000</td> <td>MORRISON FINANCIAL MORTGAGE CORPORATION</td> <td>11-16-2015</td> </tr> </tbody> </table>	5 Mortgages	Institution	Date Issued	\$ 16,921,950	CENTRO MORTGAGE INC.	12-24-2015	\$ 10,000,000	CENTRO MORTGAGE INC.	12-10-2015	\$ 7,225,000	RW FORTRESS INC.	11-16-2015	\$ 3,000,000	AVIVA INSURANCE COMPANY OF CANADA	11-16-2015	\$ 60,000,000	MORRISON FINANCIAL MORTGAGE CORPORATION	11-16-2015
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Other concerning facts were revealed in the CCAA proceedings, notably that \$7.4M in investor funds disappeared from this project as they were consolidated with other Mady developments:

#### Misappropriation of funds

- (x) As set out in the second report of the Monitor dated march 10, 2015, the Monitor has been unable to account for \$7,429,060 of MCC funds (the Missing Funds). The Monitor's second report indicates that MCC had advised that the Missing Funds were consolidated in the MDC account and used in respect of various Mady Group projects other than the Project;

This raises questions related to oversight and 'checks and balances' on the part of Fortress. Why was this money deposited into a general account at Mady rather than a dedicated project account? Generally lenders advance funds in stages with proof of spending required before additional tranches are advanced.

But perhaps most striking is that the court monitor indicates that no parties, including Fortress, were willing to fund investigations into the missing funds.

48. As set out in the Fourth Report, the Monitor has previously advised the Court that there were insufficient funds in the DIP Facility to undertake investigations with respect to the Unaccounted Funds and that no parties were prepared to fund these investigations.
50. By letter dated January 11, 2016, a copy of which is attached hereto as **Appendix “9”**, counsel for the Monitor advised counsel for Nekison that the Applicant, through its counsel, provided additional explanation of the Unaccounted Funds, denied the Monitor’s request to provide Mady’s general ledgers to any third parties (due to concerns about its use and pending litigation), and advised that it would have more information after a forthcoming meeting with Charles Mady and Collins Barrow. The Monitor also advised that, as it remains the case that no party(ies), including Mady’s first secured creditor, LBC, have advised that they are prepared to fund any activities with respect to the Unaccounted Funds, including investigations, analysis or collection, the Monitor does not intend to pursue collection or an investigation of the Unaccounted Funds.

Related, this isn’t the first time that Fortress protocols have been called into question. Below is a screenshot from court proceedings related to another Fortress project, Langston Hall:

<https://www.canlii.org/en/on/onsc/doc/2014/2014onsc612/2014onsc612.html?searchUrlH ash=AAAAQANamF3YWQgcmF0aG9yZQAAAAAB&resultIndex=5>

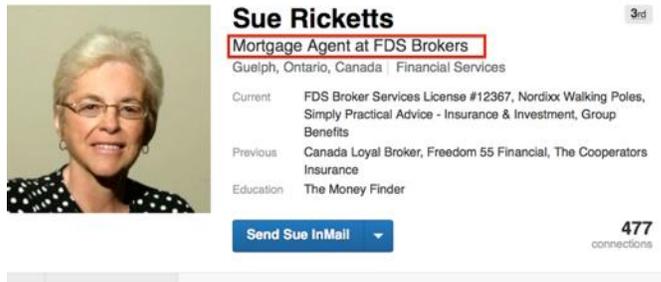
[10] The Receiver’s Reports detailed the work that it has performed and the results of its analysis. In respect of the Fortress third mortgage, the Receiver reported that it had been unable to obtain from the third mortgagee a copy of the mortgage agreement or confirmation of the balance outstanding. The Receiver reported that certain related party transactions were not sufficiently documented, but “it is the Receiver’s view that it is not economically feasible and is beyond the scope of the Receiver’s mandate to investigate these related party transactions further”. In its Second Report the Receiver identified the following work remaining to be done: (i) review journal entries and supporting documentation, and (ii) review supporting documentation for all transactions to ensure they relate to Langston Hall.

[11] The applicant, Mr. Elio Monaco, deposed that the applicants wish to conduct the following Rule 39.03 examinations on the Receiver’s discharge motions:

- (i) To examine Giannotta because Monaco believed that “Diversified abandoned its [September, 2013] motion in order to avoid cross-examination of Giannotta and specifically to avoid facing the allegations set out in my August 13, 2013 affidavit”;
- (ii) To examine Sanjay Pahuja, a lawyer for the third mortgagee, Fortress, and Jawad Rathore, the President of Fortress, about the validity of the third mortgage and the high level of “investor fees” associated with the mortgage; and,
- (iii) To examine two other Langston Hall shareholders, Del Terrelonge and John Wee Tom, about their failure to provide the Receiver with certain financial documentation concerning the corporation and related party transactions.

Monaco deposed that depending on the results of those examinations, the applicant, 1195053 Ontario Limited, might be prepared to fund the continued investigation by the Receiver or might make submissions regarding the terms of the Receiver’s discharge.

## Appendix A: Samples of advertisements for Fortress product

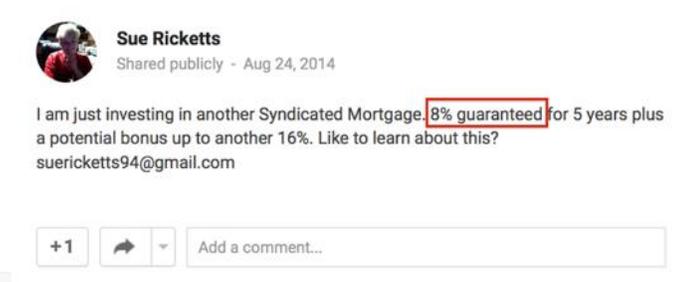


**Sue Ricketts**  
Mortgage Agent at FDS Brokers  
Guelph, Ontario, Canada · Financial Services

Current: FDS Broker Services License #12367, Nordix Walking Poles, Simply Practical Advice - Insurance & Investment, Group Benefits  
Previous: Canada Loyal Broker, Freedom 55 Financial, The Cooperators Insurance  
Education: The Money Finder

Send Sue InMail

477 connections

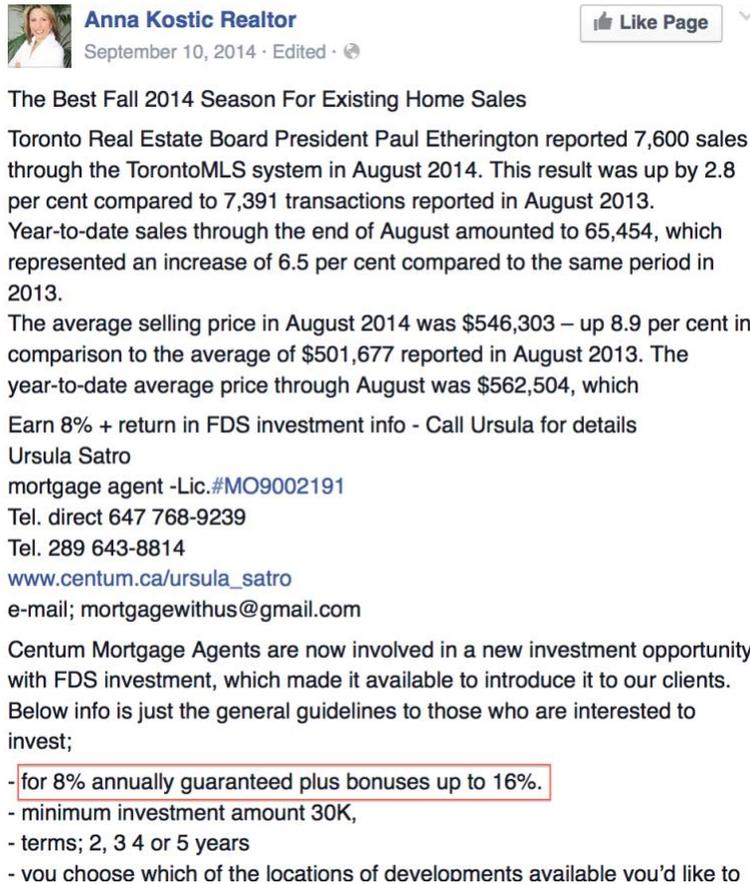


**Sue Ricketts**  
Shared publicly · Aug 24, 2014

I am just investing in another Syndicated Mortgage. 8% guaranteed for 5 years plus a potential bonus up to another 16%. Like to learn about this?  
suericketts94@gmail.com

+1

Add a comment...



**Anna Kostic Realtor**  
September 10, 2014 · Edited ·

Like Page

The Best Fall 2014 Season For Existing Home Sales

Toronto Real Estate Board President Paul Etherington reported 7,600 sales through the TorontoMLS system in August 2014. This result was up by 2.8 per cent compared to 7,391 transactions reported in August 2013. Year-to-date sales through the end of August amounted to 65,454, which represented an increase of 6.5 per cent compared to the same period in 2013.

The average selling price in August 2014 was \$546,303 – up 8.9 per cent in comparison to the average of \$501,677 reported in August 2013. The year-to-date average price through August was \$562,504, which

Earn 8% + return in FDS investment info - Call Ursula for details  
Ursula Satro  
mortgage agent -Lic.#MO9002191  
Tel. direct 647 768-9239  
Tel. 289 643-8814  
[www.centum.ca/ursula\\_satro](http://www.centum.ca/ursula_satro)  
e-mail; mortgagewithus@gmail.com

Centum Mortgage Agents are now involved in a new investment opportunity with FDS investment, which made it available to introduce it to our clients. Below info is just the general guidelines to those who are interested to invest;

- for 8% annually guaranteed plus bonuses up to 16%.
- minimum investment amount 30K,
- terms; 2, 3 4 or 5 years
- you choose which of the locations of developments available you'd like to



## Douglas Seed at TvH Mortgages

March 27, 2013 · 🌐

There is a new Fortress Capital investment project open in Edmonton Alta. We have sold out of projects in Ontario ! Again this project pays 8% (paid to you directly every 3 months ) is 100% RRSP eligible and has an additional payout of 6% at the end of the term . **Why would anybody purchase a mutual fund when they can receive a guaranteed 8% ?** This is also open to my friends in Europe

Like · Comment · Share · 👍 1

### Syndicated Mortgage Investment

Bank/Financial Institution

👍 Like   + Follow   💬 Message   ⋮

**Timeline**   About   Photos   Likes   Videos

PEOPLE >

5 likes

Invite your friends to like this Page

ABOUT >

🔍 A Syndicated Mortgage Investment can safely help diversify a investment portfolio with guaranteed returns of 36 percent.

🌐 <http://www.syndicatedmortgageinvestment.com/>

✓ Suggest Edits

📄 Post   📷 Photo / Video

Write something on this Page...

**Syndicated Mortgage Investment**  
August 21, 2012 · 🌐

Looking forward to presentation this evening for Fortress Real Capital at the Rideau Club. Have 2 seats available for our Dinner and Presentation. Let me know if you're interested to attend tonight.

Like · Comment · Share

**Syndicated Mortgage Investment**  
. July 24, 2012 · 🌐



# James Beckett

3rd

Mortgage Agent at FDS Broker Services Inc

London, Canada Area | Financial Services

Education other

Connect

Send James InMail

500+  
connections



Contact Info



<https://ca.linkedin.com/in/savetimeandmoneywithme>

## Background



### Summary

If there are investments in your portfolio that could be producing more why not consider making a switch to one of our secured Syndicated Mortgage Projects. Get guaranteed returns of 8% annually with interest paid quarterly (PLUS Deferred Bonus of up to 12% paid out at end of term). To find out more about this solid investment opportunity call Jim Beckett, Mortgage Agent Lic. M09002086, representing FDS Broker Services FSCO Lic. 12367.

Call 519-671-4301

Email [JamesBeckett@eastlink.ca](mailto:JamesBeckett@eastlink.ca)

A syndicated mortgage is an investment product that allows a consumer to invest directly into the proven market of Canadian real estate by becoming a mortgage lender. A syndicated mortgage occurs when several investors choose to collectively fund one mortgage instrument. Not a fund, not a pool – it is collateral in your personal name, security with title. This feature is unique to syndicated mortgages and is not available through any other product.

aminas-ms.ca/investing-in-syndicated-mortgages-vs-rental-properties/

Inbox (1) Most Visited NBC\_Report to sh... Twitter / Notifica... (7 unread) - benr... (3) Twitter (6 unread) - benr...

what buy and hold properties for example, risks initially brought to mind when thinking about investing, are associated primarily with property values being at the mercy of volatile financial markets. The ultimate nightmare scenario if you like, is that investment properties might depreciate in value. However, what investors often overlook is the fact that investment properties overall have an average annual vacancy rate of 5%. Likewise, regardless of whether an investment property is tenanted or not, investors are still looking at 8% annual property management and 8% additional maintenance costs.

The key of course is to secure investment properties in slightly under market areas, with low vacancy. Likewise, if you have a significant amount of equity available, why not diversify?

With minimum down payments on investment properties standing at just 20%, anyone with equity in their properties can potentially benefit from investing in a number of properties all at once, but also with the right deal, still being able to invest in various syndicate mortgage options.

In fact, what it comes down to in many cases when choosing between syndicate mortgages and investment properties, is how passive a return people are looking for on their respective investments. Where syndicate mortgages guarantee 8% annual returns for no actual labour, investment properties run 8% management costs which many people choose to offset by managing projects themselves.

As a professional mortgage agent, I don't try to sell people financial products that are in my interest. I build my reputation on getting my clients the best possible deals suited to every one of them individually. If therefore, you presently have equity to invest, but aren't sure of what might be best for your specific situation, give me a call today or contact me directly by clicking here and let's start talking about what the best investment strategy for you might be.

Posted in [Investing](#), [Investment](#), [Mortgage Investments](#).  
Tagged [investment](#), [syndicated mortgages](#).

aminas-ms.ca/building-wealth-with-syndicated-mortgages/

Inbox (1) Most Visited NBC\_Report to sh... Twitter / Notifica... (7 unread) - benr... (3) Twitter (6 unread) - benr...

But what are syndicate mortgages & how do they make such safe and reliable home equity investment instruments?

Quite simply Syndicated Mortgages are no fee low risk investments eligible to everyone. The fact exists that Mortgages are the banks chief investment instrument. People default on debts all the time, but just like you, the last thing people ever default on is their mortgage. What a syndicate mortgage investment does then is allow you to capitalize on that exact same strategy.

In short, syndicate mortgage investments allow you to invest in the safest real estate market in the world while accruing fixed interest earnings of 8% per annum through the Canadian real estate market by becoming a mortgage lender yourself. Even better, developer profits on finished real estate projects often mean that you can expect to make returns in excess of 8% per annum.

Earning guaranteed steady interest and with your principal investment amount secured against a physical property, syndicate mortgage investments allow you to negate any risk of default by allowing your own personal registration as a charge holder against a property and/or piece of development land. In fact, for added security, syndicate mortgage investments even allow you to pick and choose which projects you want to be involved with. This being the case, astute investors like yourself are able to check on the past track record and present reputability of property developers prior to actually investing.

Of course, with direct collateral pitched against real assets, not to mention the continually appreciated safety and predictability of the Canadian real estate market, it's not difficult to see why people looking to invest equity are looking more and more towards the security of the syndicate mortgage market. However, syndicate mortgage investment opportunities aren't reserved for just Canadians. International investors are also eligible to invest in Canadian syndicate mortgage options. Likewise, investors can invest via cash and even cash held in RRSP, RESP, LIRA, LIFF and TFSA accounts. When was the last time your RRSP's got a fixed 8% return without fees?

In today's marketplace, where everyone is vying for your precious dollar, you want to invest sensibly. You've worked hard to build equity and now you're looking for a smarter way to make that equity work for you and your family.

Want to know more? Reach out and let's have a talk. It might be the best investing decision you will ever make!



**Ajit Gautam- Mortgage Agent** shared their photo.

August 26, 2015 · 🌐

**FDS BROKER SERVICES**  
FSCO LICENSE #12357

**EARN 8% FIXED ANNUAL INTEREST ON YOUR INVESTMENTS**

**ADVANTAGES OF SYNDICATED MORTGAGES**

- RSP, LIRA, LIF, RIF, RESP, TFSA and CASH eligible
- Defined short term contracts
- Fixed interest and security of principal

**Invest in prime Canadian real estate developments**

**FOUR YEARS**

Year	Year 1	Year 2	Year 3	Year 4	EXIT
8%	8%	8%	8%	8%	8%
16%	8%	8%	8%	8%	8%
24%	8%	8%	8%	8%	8%
32%	8%	8%	8%	8%	8%
48%	8%	8%	8%	8%	8%

**Minimum \$30,000 investment**  
Note: This is an example based on a standard 4 year investment term.

FDS-AB2 02/01/15 - Mortgage Broker Canada (FDS) offers consumers the opportunity to invest in syndicated mortgages by becoming a holder in Real Estate Development projects. All syndicated mortgage investments are issued by Mortgage Inc. (FDS) or its affiliates, unless specifically noted otherwise. The relationship between Mortgage Broker Canada (FDS) Broker Services Inc. and Prime Mortgage Inc. is governed by a brokerage agreement between the two companies. Should you choose to participate in a syndicated mortgage investment product offered by Mortgage Broker Canada, then Mortgage Broker Canada will receive a 1% broker fee from FDS Broker Services Inc. on the total loan amount. Some conditions and other fees apply to the project. Please refer to the project and project documentation for complete details. Additional information can be found at [www.fdsbroker.com](http://www.fdsbroker.com). FDS is not a financial institution. Mortgage Broker Canada is not a financial institution. Mortgage Broker Canada and the individual or entity providing this advice is governed by the brokerage, broker or agent providing this advice is not employed or licensed by Mortgage Broker Canada. The relationship between Mortgage Broker Canada and the individual or entity providing this advice is governed by a referral agreement between the two companies, broker or agent and Mortgage Broker Canada for the purposes of referral business for investments in syndicated mortgages.

**Ajit Gautam- Mortgage Agent**

August 26, 2015 · 🌐

👍 Like Page

Invest in a Mortgage..Earn a higher rate of return than a bank can offer you. The interest earned is tax free if you add it to a TFSA, RRSP account . Your principle is secure and its like a GIC with an 8% return. Ask me how its done and I can help. Call 289-946-1814.

# Earn 8% interest on investments with TVH Mortgages

Whether you're buying your first home or are a repeat buyer, you need the guidance of a professional to achieve the best mortgage product and rate that are tailored for your needs.

Long-time Markham resident Doug Seed is a mortgage agent with Verico TVH Mortgages, and he understands that one mortgage does not necessarily fit all. For first-time buyers, timely and accurate mortgage advice is critical and can save you crucial dollars. As a repeat buyer, or whether you are refinancing or renewing, you'll have more experience and a better understanding of what to expect, but will still require a flexible solution that's perfected for your lifestyle.

If you've never used a mortgage agent, you'll enjoy having someone who works with your schedule. Doug makes house calls, and as a local family man, has your best interests at heart. "There's a misconception that you pay more if you use a mortgage agent," says Doug. "This is simply not true. In fact, using a mortgage agent can save you tens of thousands of

**VERICO** dollars over the life of

your mortgage."

Verico TVH Mortgages offers services and solutions for your complete financial health. Part of their current package offers an RSP eligible syndicate mortgage opportunity with Fortress Real Capital that can be purchased via RRSP's, Mutual Funds, Pensions, and a variety of other options. It offers a safe, secure, 8% return on investment (ROI) that's paid quarterly under fixed terms with a defined exit strategy. Best of all, the money is invested into extremely reliable, blue-chip Canadian real estate developers. TVH's unmatched in-house team of financial planners, underwriters and lawyers means less hassle and the added convenience of dealing with one company, through one point-person in Doug Seed.



Brokerage license #11946



**Bavneet Mundi ( Centum Paradigm Financial Lic #10159)**

June 12

8% guaranteed return on your investment. CASH, TFSA, RRSP, RRIF are eligible to invest.



**Bavneet Mundi ( Centum Paradigm Financial Lic #10159)**

June 12

Now a part of [REDACTED] who provide Syndicated Mortgages. Contact to invest and get 8% guaranteed return. All types of investment monies are eligible like cash, rrsp, rrif, tfsa. Contact at 647 237 4647 to set up an appointment.

Like · Comment · Share



**Paul Therien**

July 17, 2013 · 🌐

They are building a new site and the new one is not yet launched, but if you are looking for a very strong and secure investment **that guarantees 8% return on the dollar** you should check these guys out.

Make sure that you tell them that you heard about them through me!!

	<p><b>FDS Broker Services Inc.</b></p> <p>FDS Broker Services offer Fortress Real Capital syndicated mortgage products, an RSP eligible syndicate mortgage product that allows a consumer to invest directly into the proven market of Canadian real estate by becoming a mortgage lender.</p> <p>FDSBROKER.COM</p>
--	---

👍 Like

➦ Share



**Gouda Gabor** "guarantees 8% return" u say? "GUARANTEES" ? ...sorry but as a reasonably aware investment-person I find this impossible to believe...

July 17, 2013 at 5:35pm · Like



**Vivianne Therien Neal** written guarantee??? cause if they are llroc or mfda they can be taken to court if they promise it and cant deliver they are legally resposible not just the company

July 17, 2013 at 6:12pm · Like



**Paul Therien** It is syndicated mortgages - which means that you invest at a certain rate of return. The interest charged on the mortgages, plus fee gives you an 8% return.

July 17, 2013 at 6:14pm · Like



**Paul Therien** They offer investor waht is known as a "fixed rate of return"

July 17, 2013 at 6:15pm · Like



**Gouda Gabor** Paul I would be very careful that it could reflect on YOUR reputation for you to state it has a "guaranteed 8% return"...as Vivianne says...is there a written guarantee? I would bet big money there is NOT.

July 17, 2013 at 6:26pm · Like · 👍 1



**Paul Therien** Actually - when you buy the investment it is for a mortgage term and they offer a fixed rate of return at 8% - which is very common for syndicated mortgagges

July 17, 2013 at 6:27pm · Like



**Paul Therien** **I am only repeating what they say,** if you have any questions contact them and they would be happy to answer them for you.

July 17, 2013 at 6:28pm · Like



**DLC Platinum Group**  
October 24

Are you looking for better returns in your RSP or non registered funds. Check out this project in Burlington where you become the bank/lender!  
Earn a guaranteed 8% plus opportunity for extra 16% in year 5!  
An exceptional development down the road from the Burlington office!  
Contact the office for more information!

# Masonry

CONTEMPORARY TOWNS IN A SELF-CONTAINED COMMUNITY



## PROJECT FEATURES

- Masonry is a 13 acre development in West Burlington. The parcel, located in an area that calls for hyper intensification by the City of Burlington, is currently zoned for residential development.
- The proposed plan for this phased 500 unit development, calls for a mix of freehold, back-to-back and stacked townhouses, each designed in a contemporary aesthetic.
- This self-contained community will offer units starting around \$250,000 and range up to \$450,000. Residents will have access to amenities, including a park and convenience store, the Burlington Waterfront and local big box stores along Plains Rd.
- Located directly across the Aldershot GO station and just minutes from HWY 403, this project has a prime location for commuting into Hamilton and downtown Toronto.
- ADI Development Group has experienced tremendous success at the Mod'm and LNK condominium projects. Their strong understanding of the Burlington market combined with 4 decades of experience are great assets for this development.



**INVESTMENT OBJECTIVE**  
To provide a secured return on capital by financing a townhouse development in Burlington, Ontario.

## INVESTMENT FEATURES

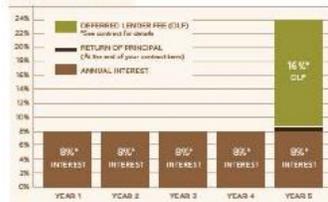
- Face amount of your investment is fully Registered & Secured via a charge against the property "Unique Feature"
- Your investment has a defined term & fixed return
- No variable units like mutual funds, segregated funds or limited partnerships (LPs)
- Available for purchase through Cash, RRSP, LIRA, LIF, RIF, RESP & TFSA to residents of Ontario and Nova Scotia.

## INVESTMENT SUMMARY

- Current Raise: \$8.4M
- Estimated Returns: 56%
- Investment Term: 5 years
- Minimum Subscription: \$30,000
- Annual Fixed Distribution: 8% (paid quarterly)
- Developer: ADI Development Group



## RATE OF RETURN



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**DLC Platinum Group**  
October 24

Are you looking for better returns in your RSP or non registered funds. Check out this project in Burlington where you become the bank/lender!  
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**What's the deal with Syndicated Mortgages?** (self:PersonalFinanceCanada)  
submitted 1 year ago by [Ontario](#) [cerealghost](#)

A friend of a friend was pushing [Syndicated Mortgages](#) as an investment, saying that they pay 8% and are risk-free, but have a minimum investment of \$25k-100k.  
I had never heard of them before, and I can't imagine why anyone would pay 8% for a mortgage right now. This reeks of "too good to be true", but I'm having trouble figuring out what's wrong with it. Do any of you have any experience with or knowledge of this?

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