

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

NO: 500-06-000803-169

(Class Action)
SUPERIOR COURT

MOSHE SEGALOVICH

Applicant

-vs-

C.S.T. CONSULTANTS INC., legal person having its head office at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario, M2J 5B8

and

CANADIAN SCHOLARSHIP TRUST FOUNDATION, legal person having its head office at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario, M2J 5B8

and

HERITAGE EDUCATION FUNDS INC., legal person having its head office at 2005 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2J 5B4

and

HERITAGE EDUCATIONAL FOUNDATION, legal person having its head office at 2005 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2J 5B4

and

UNIVERSITAS MANAGEMENT INC., legal person having its head office at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City, district of Quebec, G1W 0C5

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and

UNIVERSITAS FOUNDATION OF CANADA, legal person having its head office at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City, district of Quebec, G1W 0C5,

and

CHILDREN'S EDUCATION FUNDS INC., legal person having its head office at 3221 North Service Road, Burlington, Ontario, L7N 3G2

and

CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA, legal person having its head office at 3221 North Service Road, Burlington, Ontario, L7N 3G2

and

GLOBAL RESP CORPORATION, legal person having its head office at 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3

and

GLOBAL EDUCATIONAL TRUST FOUNDATION, legal person having its head office at 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3

and

KNOWLEDGE FIRST FINANCIAL INC., legal person having its head office at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5

and

KNOWLEDGE FIRST FOUNDATION, legal person having its head office at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5

**APPLICATION FOR AUTHORIZATION TO INSTITUTE A CLASS ACTION AND TO APPOINT THE
STATUS OF REPRESENTATIVE PLAINTIFF
(ARTICLE 571 AND FOLLOWING C.C.P)**

**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN AND FOR THE
DISTRICT OF MONTREAL, YOUR APPLICANT STATES AS FOLLOWS:**

I. GENERAL PRESENTATION

A) THE ACTION

1. Applicant wishes to institute a class action on behalf of the following class, of which he is a member, and the following subclasses, namely:

Class:

All natural persons, who at any time since July 19th, 2013 (the "**Class Period**"), while residing in the province of Quebec, had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for a Registered Education Savings Plan ("**RESP**"), and who were charged a fee (referred to as "**Enrolment Fee**", "**Sales Charge**" and/or "**Membership Fee**"), including the commissions of the distributor and its salesmen, exceeding \$200.00 per plan;

(hereinafter referred to as the "**Class**")

Subclass 1:

All natural persons, who at any time since July 19th, 2013 (the "**Class Period**"), while residing in the province of Quebec, had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for a Registered Education Savings Plan ("**RESP**"), and who incurred the complete forfeiture of the capital and accumulated interest in their RESP because it was abandoned before its maturity;

(hereinafter referred to as "**Subclass 1**")

Subclass 2:

All natural persons, who at any time since July 19th, 2013 (the

“**Class Period**”), while residing in the province of Quebec, had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for a Registered Education Savings Plan (“**RESP**”), and whose RESP Agreement included the following clause (or similar thereto) with respect to the Sales Charges, Enrolment Fees and/or Membership Fees:

“You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid.”

(hereinafter referred to as “**Subclass 2**”)

or any other group or subgroups to be determined by the Court;

B) BRIEF OVERVIEW ON RESPS

2. An RESP is a contract, between an individual (the “**Subscriber**”) and a person or organization (the “**Promoter**” and/or “**Distributor**”), for an education savings account that is registered with the Government of Canada, Applicant disclosing a publication by the Canada Revenue Agency titled *Registered Education Savings Plans*, **Exhibit P-1**;
3. The Canada Revenue Agency registers the education savings plan contract as an RESP, and lifetime limits are set by Canada’s *Income Tax Act* on the amount that can be contributed for each beneficiary;
4. Under the RESP contract, the Subscriber names one or more beneficiaries (the future student(s)) and agrees to make contributions for them, and the Promoter agrees to pay educational assistance payments (“**EAPs**”) to the beneficiaries when it comes time to pay for the post-secondary education of the beneficiaries;
5. Canadians can contribute up to \$50,000.00 per child into an RESP and the federal government, as well as some provincial governments will match a certain percentage of the amounts contributed;
6. Anyone can contribute into an RESP for any child (it does not have to be the child’s parent necessarily);
7. Children who are beneficiaries of an RESP account will receive the Canada Education Savings Grant (“**CESG**”), which is money that the federal Government adds to the child’s

RESP to help their savings grow;

8. The basic CESG provides 20% on every dollar contributed, up to a maximum of \$500.00 on an annual contribution of \$2,500, or up to the first \$5,000 in contributions, if sufficient carry forward room exists;
9. Depending on the child's primary caregiver's net family income, he/she may also be eligible to receive the Additional Canada Education Savings Grant (A-CESG), which adds an additional 10 % or 20 % to the first \$500.00 put into the RESP each year;
10. This CESG is available up until the end of the calendar year in which a child turns 17;
11. Lower income families are also eligible to receive the Canadian Learning Bond ("**CLB**"), which is \$500.00 offered by the Government of Canada to help and to encourage saving for a child's post-secondary education (the child could also receive \$100.00 per year in CLB until the child turns 15, up to a maximum of \$2,000.00);
12. In addition to the CESG and CLB, Quebec, Saskatchewan, British Columbia and Alberta have education savings incentives whereby the provincial governments will also add money to a RESP;
13. The Quebec Education Savings Incentive ("**QESI**") was established in 2007 to encourage Quebec families to save more for the post-secondary education of their children and grandchildren, beginning in their infancy;
14. The QESI is a refundable tax credit that is paid directly by the province of Quebec into an RESP;
15. The basic QESI provides 10% on every dollar contributed, up to a maximum of \$250.00 on an annual contribution of \$2,500.00 (as of 2008, any rights accumulated during previous years can be added to the basic amount, up to \$250.00 per year, but could never exceed \$500.00 per year);

C) GROUP PLAN RESPS

16. There are two types of RESP promoters: (i) financial institutions such as banks, credit unions and investment firms; and (ii) group plan scholarship providers;
17. The present Application concerns only group plan scholarship providers;
18. The Defendants engage in the business of distributing, promoting and the sponsoring of group RESP and/or scholarship plans ("**Group Plan(s)**");
19. Group Plan RESPs are a collection of individual contracts administered for a group of beneficiaries born in the same year;

20. As Group Plan “**Promoters**”, Defendants C.S.T. Consultants Inc., Heritage Education Funds Inc., Universitas Management Inc., Children’s Education Funds Inc., Global RESP Corporation and Knowledge First Financial Inc. respectively market, distribute and sell Group Plans to **Subscribers**;
21. As Group Plan “**Sponsors**”, Defendants Canadian Scholarship Trust Foundation, Heritage Educational Foundation, Universitas Foundation of Canada, Children’s Educational Foundation of Canada, Global Educational Trust Foundation and Knowledge First Foundation enter into their respective education savings plan agreements with Subscribers and provide governance oversight by supervising the administration of their respective plans;
22. Defendants operate their respective Group Plans by pooling the individual contributions of each Subscriber with those of other contributors/Subscribers;
23. Defendants generate an important part of their revenue by charging Class and Subclass members front-ended “**Sales Charges**” (previously referred to in some prospectuses as “**Enrolment Fees**” and/or “**Membership Fees**”) based on the number of “**Units**” purchased by Subscribers (hereinafter the “**Fees**”);
24. A Unit is a share of income available for distribution at maturity (i.e. when the beneficiary can first enroll in a post-secondary program, typically in the year that he/she turns 18);
25. Subscribers to the Defendants’ Group Plans can sign up for one or more Units;
26. The Unit is the basis for contribution schedules, Sales Charges, Enrolment Fees and/or Membership Fees, as well as for the distribution of investment income;
27. At maturity, investment income is transferred to a separate pool of funds to be distributed across all Units held by qualifying beneficiaries within the same cohort;
28. In a pooled Group Plan, the interest that is left behind from cancelled RESPs, plus a portion of the Sales Charges from cancelled plans, gets paid out with the matured plans (this excess interest and sales charges is also called “attrition”);

D) THE ISSUE

29. The Sales Charges, Enrolment Fees and/or Membership Fees charged to Class and Subclass members by Defendants, including the commissions of the Distributor and its salesmen, **unlawfully exceed \$200.00 per plan**, and this in violation of subsection 1.1 (7) of *Regulation no. 15 Respecting Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*, c. V-1.1, r. 44, s. 331.1, which came into force in Quebec on September 19th, 2005 (hereinafter “**Regulation no. 15**”);

30. Subsection 1.1 (7) of *Regulation no. 15* provides as follows:

1.1. The sale of contracts or plans commonly referred to as "scholarship plans" or "scholarship agreements" **must be subject to the following conditions** before the prospectus will be acceptable for filing:

[...]

(7) The fees charged, including the commissions of the distributor and its salesmen, **must not exceed \$200 per plan**. The first \$100 paid under the plan may be applied against this fee and the balance may be deducted at a maximum rate of 50% of each of the further contributions.

31. Prior to the coming into force of *Regulation no. 15*, Defendants violated subsection 1.1 (7) of *National Policy no. 15 Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*, which provided for the same rule as in *Regulation no. 15* and was in force in the province of Quebec from December 11th, 2001 to September 18th, 2005 (Decision 2001-C-0567, published in the Supplement of the Bulletin of the Securities Commission of Quebec of December 14th, 2001, volume 32, N° 50);

32. The Defendants also exercise their economic activities in violation of subsection 1.1 (11) of *Regulation no. 15* which provides as follows:

(11) It is considered **contrary to the public interest** to accept for filing a scholarship plan which calls for the **complete forfeiture of the capital and accumulated interest in cases where the plan is abandoned before its maturity**. The same shall apply to so-called "special" plans which consist of the simple deposit by the subscriber of an amount equivalent to the interest, without any right to reimbursement.

33. Unlike financial institutions, Defendants charge Class and Subclass members front-ended Sales Charges, Enrolment Fees and/or Membership Fees;

34. The Sales Charges, Enrolment Fees and/or Membership Fees charged to Class and Subclass members by Defendants are abusive, ranging from several hundred to several thousand dollars **per plan**;

35. The fact that authorities in Quebec regulated that the fees charged for the sale of RESPs (i.e. contracts or plans commonly referred to as "scholarship plans" or "scholarship agreements") including the commissions of the distributor and its salesmen, must not exceed \$200.00 per plan, indicates that a clause providing for charges above \$200.00 per plan is excessive and unreasonably detrimental to the consumer and/or the adhering party and is thus an abusive clause;

36. In August 2008, a report was prepared for Human Resources and Social Development Canada (renamed the Department of Employment and Social Development Canada in 2013), titled *Review of Registered Education Savings Plan Industry Practices* (hereinafter the “**HRSDC Report**”), for the purpose of identifying policies, practices and contractual arrangements that may impede, deter or harm an individual’s ability to save and access funds for a child’s post-secondary education, Applicant disclosing the HRSDC Report as **Exhibit P-2**;
37. The HRSDC Report, Exhibit P-2, sheds light on the characteristics of Group Plans which, according the Report’s findings, include the following (page 12):
- Subscribers commit to a contribution schedule that can be monthly, annual, or a single lump sum;
 - Funds are invested in accordance with investments permitted under National Policy 15 of the Canadian Securities Administrators. This means that the assets are conservatively invested, making for low downside risk and a relatively stable return;
 - All plans **charge an enrolment fee** and several annual fees, and all but one charge various transaction and penalty fees. Enrolment fees may be returned at or after the end of the contribution period;
 - Beneficiaries are entitled to a share of the total investment income earned by the one-year cohort of which they are part when they become enrolled in a post-secondary program of a minimum duration;
 - Payments to students include investment income earned on contributions in plans that do not result in payments to students, and other enhancements;
38. The HRSDC Report also provides an overview of the practices of Group Plan providers, which can be summarized as follows (page 20):

Organisational structure

Scholarship plans are provided by foundations or trusts, i.e., not-for-profit corporations without share capital. The foundation or trust is the “manager” of the group plan. The “distributor” of the plan is a for-profit operating company that markets the plan, and to which the administration of the plan is delegated. At all five group scholarship providers, the distributor is closely linked to the trust. In three cases, the trust owns the distributor...

Marketing

Group scholarship providers market their products proactively in a variety of ways. While advertising through the major media and newspapers is generally considered too expensive, group scholarship providers do market in a myriad of other ways including: participation in trade shows; exhibits and kiosks in malls and shopping centres; contests for a free RESP; placing flyers in doctors' offices; or through advertisements in community newspapers – all targeting families with young children. All providers have web sites. Flyers and prospectuses can be downloaded from some sites; some providers only mail prospectuses. One plan comes with Air Miles.

Many contacts are made by referrals or word of mouth. Sales representatives tend to ask clients if neighbours or friends might be interested. **Ultimately, group scholarship providers sell their product by offering to come to the home** of a potential client to provide one or more information sessions...

The sales force

Group plans are marketed by **sales representatives who are paid a commission per new plan**. Sales representatives tend to be self-employed and are supervised by a manager at the group scholarship trust. The representatives are licensed by the provincial regulatory authorities. They receive training, typically of about one-week in duration, by the Trust. In recent years, provincial securities regulators have imposed training requirements and set limits on the number of sales representatives per manager. In Quebec, sales representatives are required to take ongoing training in order to keep their professional licence.

Presentation to the client

Generally, the sales people present the key features of their plan and promote it on the basis of advantageous tax treatment and subsidies as well as the enhancements of returns group plans provide. How the particular risks attached to group plans are presented is less clear. Prospectuses provide some information about risks and gains as a result of requirements imposed by provincial regulators. "Know Your Client (KYC)" forms are filled out as required by regulators, and some providers have established guidelines for the amount of contributions in relation to income customers can sign up for.

As required by provincial securities regulations, customers have the right to walk away from their new RESP during the 60 days after signing, with full return of contributions and enrolment fees but not

the small insurance fee.

The RESP Dealers Association of Canada (RESPDAC) has adopted a code of sales practices which urges fair dealing and balanced representation. Transfer out of a group plan is specifically addressed: Members agree to discourage subscribers from transferring out of a group plan after 60 days **because they would have no claim on accrued interest and the enrolment fee they paid**. The code stipulates that subscribers who want to transfer to another provider should acknowledge that they have been advised of these financial implications by filling out a Plan Transfer Disclosure Form.

39. Defendants continue to exercise their commercial activities across the province of Quebec in violation of subsection 1.1 (7) and subsection 1.1 (11) of *Regulation no. 15*;
40. Since the coming into force of *Regulation no. 15* on September 19th 2005, each Defendant has filed their respective prospectuses (for the sale of contracts or plans commonly referred to as “scholarship plans” or “scholarship agreements”) that were not acceptable for filing;
41. The Defendants’ respective prospectuses were not acceptable for filing because they did not meet the conditions required under subsections 1.1 (7) and 1.1 (11) of *Regulation no. 15* (notably, their Enrolment Fees were in excess of the legal maximum of \$200.00 per plan);

II. CONDITIONS REQUIRED TO AUTHORIZE THIS CLASS ACTION AND TO APPOINT THE STATUS OF REPRESENTATIVE PLAINTIFF (SECTION 575 C.C.P.):

A) THE FACTS ALLEGED APPEAR TO JUSTIFY THE CONCLUSIONS SOUGHT:

42. Applicant, Moshe Segalovich, is the father of four (4) children currently aged 12, 10, 7 and 2 years old;
43. The Applicant is a consumer within the meaning of article 1384 of the *Civil Code of Quebec (“CCQ”)*;
44. Applicant and his wife opened a Group Plan for each of their four children with Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation, so that he could contribute towards his children’s post-secondary education;
45. On each occasion, the same Sales Representative from C.S.T. Consultants Inc. came to the Applicant’s residence to complete the contract and paperwork required to open an RESP;
46. The contract signed by the Applicant is a contract of adhesion (standard form contract);

Applicant's 1st RESP

47. Applicant signed the standard form Application for his first RESP (Agreement #13041088) on June 1st, 2006, when his first child Y... was 1 ½ years old and for which Y... is the beneficiary in the *Group Savings Plan*;
48. Applicant had agreed to contribute \$117.70 per month, which amounted to 11 units for Y... in the *Group Savings Plan*;
49. Defendant C.S.T. Consultants Inc. charged Applicant **\$2,200.00** on account of Enrolment Fees for 11 units (\$200.00 x 11 units), Applicant disclosing the Application forming part of his Education Savings Plan Agreement #13041088, signed on June 1st, 2006, as **Exhibit P-3**;
50. Defendant C.S.T. Consultants Inc. thus unlawfully charged Applicant **\$2,000.00** above the \$200.00 legal maximum for his first RESP (Agreement #13041088), and this in violation of subsection 1.1 (7) of *Regulation no. 15* which provides that the fees charged, including the commissions of the distributor and its salesmen, **must not exceed \$200.00 per plan**;

Applicant's 2nd RESP

51. Applicant signed the standard form Application for his second RESP (Agreement #13090933) for his second child A... at some point between June 1st and July 4th, 2006;
52. The carbon copy of Applicant's application for A..., although undated and incomplete (A...'s name and date of birth are missing), was signed by the Applicant, his wife as well as by the C.S.T. Consultants Inc. Sales Representative;
53. Applicant had agreed to contribute \$114.00 per month, which amounted to 12 units for A... in the *Group Savings Plan*;
54. Defendant C.S.T. Consultants Inc. charged Applicant **\$2,400.00** on account of Enrolment Fees for 12 units (\$200.00 x 12 units), Applicant disclosing the Application forming part of his Education Savings Plan Agreement #13090933, for which A... is the beneficiary in the *Group Savings Plan*, signed around June 1st to July 4th 2006, as **Exhibit P-4**;
55. Defendant C.S.T. Consultants Inc. thus unlawfully charged Applicant **\$2,200.00** above the \$200.00 legal maximum for his second RESP (Agreement #13090933), and this in violation of subsection 1.1 (7) of *Regulation no. 15*, which provides that the fees charged, including the commissions of the distributor and its salesmen, **must not exceed \$200.00 per plan**;

Applicant's 3rd RESP

56. Applicant signed the standard form Application for his third RESP (Agreement #15145956) on February 2nd, 2009, three (3) weeks after his third child I... was born and for which I... is the beneficiary in the *Group Savings Plan 2001*;
57. Applicant had agreed to contribute \$152.00 per month, which amounted to 16 units for I... in the *Group Savings Plan 2001*;
58. Defendant C.S.T. Consultants Inc. charged Applicant **\$3,200.00** on account of Enrolment Fees for **16 units** (\$200.00 x 16 units), Applicant disclosing the Application forming part of his Education Savings Plan Agreement #15145956, signed on February 2nd, 2009, as **Exhibit P-5**;
59. Defendant C.S.T. Consultants Inc. thus unlawfully charged Applicant **\$3,000.00** above the \$200.00 legal maximum for his third RESP (Agreement #15145956), and this in violation of subsection 1.1 (7) of *Regulation no. 15* which provides that the fees charged, including the commissions of the distributor and its salesmen, **must not exceed \$200.00 per plan**;

Applicant's 4th RESP

60. Applicant signed the standard form Application for his fourth RESP (Agreement #21333262) on November 4th, 2013, just one (1) week after his fourth child E... was born and for which E... was the beneficiary in the *Group Savings Plan 2001*;
61. Applicant had agreed to contribute \$152.00 per month, which amounted to 16 units for E... in the *Group Savings Plan 2001*;
62. Defendant C.S.T. Consultants Inc. charged Applicant **\$3,200.00** on account of a "sales charge" for **16 units** (\$200.00 x 16 units), Applicant disclosing the Application forming part of his Education Savings Plan Agreement #21333262, as **Exhibit P-6**;
63. Defendant C.S.T. Consultants Inc. thus unlawfully charged Applicant **\$3,000.00** above the \$200.00 legal maximum for his fourth RESP (Agreement #21333262), and this in violation of subsection 1.1 (7) of *Regulation no. 15*, which provides that the fees charged, including the commissions of the distributor and its salesmen, **must not exceed \$200.00 per plan**;

Applicant's Discovery of the Unlawful and Abusive Fees

64. In early 2014, the Applicant decided that he wanted to stop contributing to the four RESP plans which he had opened with Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation;

65. Applicant wanted to save for his children's education using other investment vehicles;
66. Around the same time, Applicant met with a representative at the Canadian Imperial Bank of Commerce ("**CIBC**") and inquired as to how the provincial and federal grants accumulated to date in his children's' RESPs could be transferred to another financial institution;
67. The CIBC representative informed the Applicant that he could transfer any amount he wishes to a CIBC Securities RESP and that there were no Enrolment Fees or Sales Charges for opening the RESP account at the bank;
68. Applicant contacted his Sales Representative at C.S.T. Consultants Inc., who informed the Applicant that all of his Enrolment Fees/Sales Charges were front-ended and that the Applicant would forfeit 100% of his Enrolment Fees/Sales Charges if he were to withdraw his capital from his four RESPs;
69. On **March 4th, 2014**, Defendant C.S.T. Consultants Inc. agreed to close the Applicant's fourth RESP, opened on November 4th, 2013, for which E... was the beneficiary and to refund the Applicant his contributions to date (including the Sales Charges);
70. As for the Applicant's three other RESPs, Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation refused to reimburse the front-ended Enrolment Fees, which totaled **\$7,800.00**, detailed as follows:
 - **Enrolment Fees for 1st RESP** (plan #13041088): \$2,200.00
 - **Enrolment Fees for 2nd RESP** (plan #13090933): \$2,400.00
 - **Enrolment Fees for 3rd RESP** (plan #15145956): \$3,200.00

Total: \$7,800.00
71. In three letters dated **November 26th, 2014**, signed Mr. Pierre Bertsoulakis, Director, Operations, Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation sent the Applicant a form to be signed by the Applicant and his wife, confirming that the Applicant was withdrawing his capital and indicating the total forfeiture for each RESP, Applicant disclosing the letters *en liasse* as **Exhibit P-7**;
72. Applicant did not sign the forms, Exhibit P-7, but instead instructed CIBC Securities to send the documents required to Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation so that the government grants and remaining capital (Applicant's total contributions and income thereon minus the \$7,800.00 of Enrolment Fees) would be transferred to an RESP account with CIBC Securities;
73. On **February 26th, 2015**, prior to the sums in his children's RESP accounts being transferred to CIBC Securities, Applicant sent a Formal Notice to Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation (as well as to his Sales Representative) demanding reimbursement of the Enrolment Fees charged, Applicant

disclosing a copy of the Formal Notice as **Exhibit P-8**;

74. In a letter dated **March 31st, 2015**, signed by Mr. Pierre Bertsoulakis, Director, Operations, Defendant C.S.T. Consultants Inc. replied to the Applicant's Formal Notice by, *inter alia*, refusing to reimburse the Enrolment Fees charged and explicitly stating in bold letters "**Total Forfeiture \$7,800.00**", Applicant disclosing a copy of said letter as **Exhibit P-9**, an extract of which is reproduced below:

3) Transfer the Plans:

RESPs can be transferred to another RESP at a different institution. If you decide to transfer your plans to another financial institution, your principal, principal income, government grants and income on the grants will be transferred. The sales charge will be forfeited. A transfer fee of \$50.00 per plan is applicable.

Plan No.	Principal	Principal Income	CESG	CLB	QESI	CESG Income	CLB Credit/Income	QESI Income	Total Amt. Transferrable
13041088	\$8,651.30	\$926.90	\$2,500.99	\$500.00	\$1,071.07	\$443.04	\$38.86	\$317.11	\$14,449.27
13090933	\$8,003.80	\$821.52	\$1,005.00	\$500.00	\$1,026.00	\$221.42	\$38.86	\$304.62	\$11,921.22
15145956	\$6,019.50	\$342.59	\$2,034.80	\$500.00	\$896.80	\$212.49	\$38.86	\$172.26	\$10,217.30

Plan No.	Sales Charge
13041088	\$2,200.00
13090933	\$2,400.00
15145956	\$3,200.00
Total Forfeiture	\$7,800.00

We are in receipt of the transfer papers from CIBC Securities and they are on hold pending receipt of your response. Please advise should you wish to proceed with the transfer.

75. On **April 15th, 2015**, Applicant's total loss of **\$7,800.00** was crystalized when Defendant Canadian Scholarship Trust Foundation issued three (3) checks to CIBC Securities (where Applicant opened his new RESP account) totalling **\$36,639.39**, Applicant disclosing *en liasse* copies of the 3 checks issued on April 15th, 2015, **Exhibit P-10**, detailed as follows:

CSTF plan #	Check #	Amount
13041088	002375	\$14,472.23
13090933	002376	\$11,934.59
15145956	002374	\$10,232.57
	Total:	\$36,639.39

76. The total amount of **\$36,639.39** transferred to the Applicant's CIBC Securities RESP

account consists of: **(i)** all of the Applicant's monthly contributions (less the total Enrolment Fees of \$7,800.00 and some other administrative fees); **(ii)** the principal income (the interest earned on the contributions); **(iii)** the government grants on Applicant's contributions (the CESG, the CLB and the QESI); and **(iv)** grant income (interest earned on the grants);

77. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation unlawfully deprived Applicant of over \$7,800.00 of his the contributions made to his children's RESPs, when in virtue of *Regulation no. 15* Defendants were entitled to charge Applicant a maximum of \$600.00 (3 plans x \$200.00 each);
78. In the year that would follow, Applicant dedicated a fair amount of time researching the legality of the excessively high Sales Charges/Enrolment Fee charged by Defendants and contacted his attorneys to investigate the matter;
79. **On May 19th, 2016**, Applicant sent an email to Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation's complaint department, reproduced below, Applicant disclosing the email trail between the parties from May 19th to June 6th, 2016, as **Exhibit P-11**:

Hello,

In a last attempt to resolve this matter out of courts, I am writing to you one last time. I believe that CST is not only engaging in prohibited business practises but even worse, is not respecting national policy 15, which is still in full force in Quebec.

Section 7 of Regulation 15 Respecting Conditions Precedent to acceptant of Scholarship or Educational Plans Prospectuses provides:

*(7) The fees charged, including the commissions of the distributor and its salesmen, **must not exceed \$200 per plan**. The first \$100 paid under the plan may be applied against this fee and the balance may be deducted at a maximum rate of 50% of each of the further contributions.*

As you can see by file I was charged well over \$200 for each for each plan. I hereby request that you reimburse me the fees charged to me illegally within 48 hours.

As a courtesy I am including the legislation in question: <https://www.lautorite.qc.ca/files/pdf/reglementation/valeurs-mobilières/c-15/2005-09-19/2005sept19-c-15-vadmin-en.pdf>

Plan Number: 13041088- 13090933- 15145956

Moshe segalovich.

80. On **May 20th, 2016**, Mr. Pierre Bertsoulakis, Director, Operations, responded to the Applicant's email on behalf of C.S.T. Consultants Inc. as follows:

Although National Policy 15 remains in force, many of its provisions have been superseded through the relief granted during the prospectus filing process and as a result of changes to other securities regulations. The Canadian Securities Administrators, including both the Ontario Securities Commission and the Autorité des marchés financiers, approved the Group Savings Plan 2001 Prospectus and the enrolment fees of \$200 per unit as set out in its initial prospectus. As noted in our response of March 31, 2015 to your complaint, the enrolment fees are disclosed on the application form, the Prospectus, the Education Savings Plan Agreement and the annual client statements...

81. On **May 24th, 2016**, Applicant responded to Mr. Bertsoulakis' email as follows:

Mr. Bertsoulakis,

Thank you for your detailed reply. You mention in your email that the "Autorité des marchés financiers, approved the Group Savings Plan 2001 Prospectus and the enrolment fees of \$200 per unit as set out in its initial prospectus".

Before I take further action, can you please let me know whether this approval was granted in writing or orally? If in writing please send me a document evidencing this approval.

82. On **May 25th, 2016**, Mr. Pierre Bertsoulakis, on behalf of C.S.T. Consultants Inc., replied to the Applicant's specific request stating:

Mr. Segalovich,

*All offering documents are reviewed by the securities regulators and **if they meet the standards of the Prospectus rules in place at the time**, are receipted and as evidence of approval are made public on the SEDAR website. By virtue of the Prospectus (filed on April 30, 2001) and final decision documents (filed on May 1, 2001) being available on SEDAR(<http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00009948>), the terms of Group Savings Plan 2001 are approved...*

[our emphasis in bold].

83. On **June 1st, 2016**, Applicant responded to Mr. Bertsoulakis, writing as follows:

*In your response to me dated May 25, 2016, you write that "All offering documents are reviewed by the securities regulators and if they meet the standards of the **Prospectus rules in place at the time**, are receipted and as evidence of approval are made public on the SEDAR website. By virtue of the Prospectus (filed on April 30, 2001) and final decision documents (filed on May 1, 2001) being available on SEDAR*

(<http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00009948>), the terms of Group Savings Plan 2001 are approved."

I have attached the AMF's Decision no.: 2008-MC-0717 hereto. This decision is related to the CST prospectus filed June 16, 2008. By this time, Regulation 15 was in force in Quebec (it has been in force since 2005). The prospectus rules in Quebec at this time, based on subsection 1.1 (7) of Regulation c-15, clearly state that you could not charge me more than \$200 per plan.

Can you please explain to me why I was still charged \$200 per plan after CST's prospectus filing in 2008?

84. On June 3rd, 2016, Mr. Bertsoulakis' response to Applicant included the following:

*The Prospectus is filed with and reviewed and approved by the securities regulators annually as evidenced by the final decision documents and the posting of the Prospectus on SEDAR. The decision document you reference as well as the public posting of the 2008 Prospectus on SEDAR indicate that the Prospectus and the terms of the Plan outlined in the document **(including the enrolment fees of \$200 per unit) of Group Savings Plan 2001 are approved. This approval also provides relief from Regulation 15 – i.e. allows the Plan to charge the enrolment fee as set out in the Prospectus.***

CST has responded to your requests for information, and our position is that the enrolment fee of \$200 per unit was approved by the securities regulators. Should you disagree with our responses, you have the option of referring your complaint to the Autorité des marchés financiers (AMF) within a year of receipt of this response...

[our emphasis in bold].

85. On June 4th, 2016, Applicant responded as follows:

Mr. Bertsoulakis,

Where does it say anywhere that the AMF provided relief to CST from Regulation no. 15? You keep repeating this to me in different words but I would like you to please provide me with a document

evidencing this! The fact that the AMF approved the prospectus concerning the investment of units does not automatically mean that CST was granted relief from subsection 1.1 (7) of Regulation 15.

I have read all the AMF Final Receipt decisions post 2005 and they issue the Visa issued for your prospectus is "concernant le placement de parts" and not concerning the charging of enrolment fees.

Is there anything else you bases yourself on to claim that the AMF granted relief and explicitly authorize CST to charge me \$7800 of enrolment fees for 3 plans?

[our emphasis in bold].

86. On June 6th, 2016, Mr. Bertoulakis responded for the last time:

Mr. Segalovich,

CST has responded to your requests for information, and our position is that the enrolment fee of \$200 per unit was approved by the securities regulators. Should you disagree with our responses, you have the option of referring your complaint to the Autorité des marchés financiers (AMF) within a year of receipt of this response...

87. *Regulation no. 15* has been in force in the province of Quebec since September 19th, 2005 (prior to this, *National Policy no. 15* was in force in the province of Quebec from December 11th, 2001 to September 18th, 2005);

88. Article 1434 *CCQ* provides that a contract validly formed binds the parties who have entered into it not only as to what they have expressed in it but also as to what is **in conformity with the law**;

89. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation do not act in conformity with the law;

90. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation unlawfully charged the Applicant an amount greater than \$200.00 per RESP in violation of subsection 1.1 (7) of *Regulation no. 15*;

91. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation are thus liable to reimburse Applicant the following amounts, which he was unlawfully charged:

- Agreement #13041088: fees charged (**\$2,200**) - legal maximum (**\$200**): **\$2,000.00**
- Agreement #13090933: fees charged (**\$2,400**) - legal maximum (**\$200**): **\$2,200.00**
- Agreement #21333262: fees charged (**\$3,200**) - legal maximum (**\$200**): **\$3,000.00**

Total: \$7,200.00

B) THE CLAIMS OF THE MEMBERS OF THE CLASS RAISE IDENTICAL, SIMILAR OR RELATED ISSUES OF LAW OR FACT:

92. All Class and Subclass members, regardless of which of the Defendants they contracted with, have a common interest both in proving the commission of a violation of a rule of law within their contracts (the violation of subsections 1.1 (7) and (11) of *Regulation no. 15* in the present case) by all of the Defendants and in maximizing the aggregate of the amounts unlawfully charged to them by Defendants;
93. The nature of the interest necessary to establish the standing of the Applicant must be viewed from the perspective of the common interest of the proposed Class and Subclass, and not solely from the perspective of the Applicant/representative plaintiff;
94. In this case, the legal and factual backgrounds at issue are common to all the members of the Class and Subclasses, namely whether the Defendants violate subsections 1.1 (7) and (11) of *Regulation no. 15* by charging Enrolment Fees greater than \$200.00 per plan;
95. The claims of every member of the Class and Subclass are founded on very similar facts to the Applicant's claim;
96. In Quebec, all of the Defendants unlawfully charge above \$200.00 per plan when selling contracts or plans commonly referred to as "scholarship plans" or "scholarship agreements";
97. Defendants' conduct is unlawful because: **(i)** the fees charged by Defendants for their scholarship plans and/or scholarship agreements, including the commissions of the distributor and its salesmen, exceed \$200.00 per plan; and **(ii)** in certain situations, their scholarship plans call for the complete forfeiture of the capital and accumulated interest in cases where the plan is abandoned before its maturity (which usually occurs when Subclass 1 members close their account within 11 months of its opening, during which period 100% of their contributions went towards paying off the Sales Charges/Enrolment Fees);
98. Every member of the Class and/or Subclasses subscribed to an RESP with one of the Defendants;
99. Every member of the Class and/or Subclasses signed a contract of adhesion (standard form contract) with one of the Defendants, evidenced by the facts that:
 - a) the standard form Application signed by each of the Class and Subclass members provides that the Application forms part of the *Education Savings Plan Agreement* (see the last section of the Application forms signed by Applicant titled "**BY SIGNING THIS FORM, YOU AGREE THAT:**" followed by the clause "*This application is part of the Education Savings Plan Agreement*", Applicant's Exhibits P-3, P-4, P-5 and P-6);

- b) the essential stipulations in both the Application form and the *Education Savings Plan Agreement* were drawn up and imposed by the Defendants, on their behalf;
 - c) the essential stipulations in both the Application form and the *Education Savings Plan Agreement* are non-negotiable (subscribers cannot negotiate to pay a lesser amount per unit in Sales Charges);
 - d) the Education Savings Plan Agreement is pre-signed by the Foundations' President and CEO, as well as by the Trustees' authorized officers, Applicant disclosing a copy of Defendant Canadian Scholarship Trust Foundation's "*Education Savings Plan Agreement*" as **Exhibit P-12**;
100. All of the Defendants have failed in their legal duty to abide by the rules of conduct incumbent on them according to the law, and have caused damages to Class and Subclass members as a result thereof;
 101. All of the Defendants' standard form contracts unlawfully include at least one clause that is not in conformity with the law (*Regulation no. 15* in this case);
 102. Defendants are liable towards Class and Subclass members for the damages caused by their failure and are bound to make reparation for the damages;
 103. Each Defendant unlawfully charged an amount in excess of \$200.00 per plan to every Class and/or Subclass member who subscribed to an RESP with any of the Defendants;
 104. Each of the Defendants' Agreements contain the same (or very similarly drafted) abusive clause concerning the Sales Charges/Enrolment Fees;
 105. Consequently, each Class and Subclass member paid Defendants an unlawfully excessive price for their RESPs;
 106. Every **Class** member has suffered damages equivalent to the difference between the unlawfully inflated price charged by Defendants for their RESP and the \$200.00 maximum per plan permissible by law;
 107. Every member of **Subclass 1** has suffered damages equivalent to the complete amount of their contributions (i.e. capital paid to Defendants) plus the accumulated interest, when their plan was abandoned prior to maturity (for example: if a person saves \$100 per month for a newborn and then abandons their plan after 5 months, the entire \$500 contributed would be retained by Defendants on account of Sales Charges);
 108. Every member of **Subclass 2** has suffered damages equivalent to the amount overcharged by Defendants in the abusive clause;
 109. Every member of **Subclass 2** has a right to ask this honorable Court to declare the abusive clause null, or, alternatively, that their obligations under the abusive clause be

reduced to the legal maximum of \$200.00 per plan;

110. The same legal issues are present in the action of each Class and Subclass member against each Defendant (each Defendant faces more or less the same issues regarding the interpretation and application of subsections 1.1 (7) and (11) of *Regulation no. 15*, and article 1437 C.C.Q. concerning abusive clauses for Subclass 2 members);
111. By reason of Defendants' unlawful conduct, Applicant and members of the Class and Subclass have suffered damages, which they may collectively claim against the Defendants;
112. Although the Applicant himself does not have a personal cause of action against, or a legal relationship with, each of the Defendants, the Class and Subclass contain enough members with personal causes of action against each Defendant;
113. The facts and legal issues of the present action support a proportional approach to class action standing that economizes judicial resources and enhances access to justice;
114. All of the damages to the Class and Subclass members are a direct and proximate result of the Defendants' misconduct;
115. The damages sustained by the Class and Subclass members flow, in each instance, from a common nucleus of operative facts, namely, Defendants' charging Enrolment Fees/Sales Charges which are not in conformity with the law in Quebec;
116. All members of the Class and Subclass are justified in claiming the sums which they unlawfully overpaid to Defendants as Enrolment Fees, Sales Charges and/or Membership Fees for their RESPs;
117. In taking the foregoing into account, the following damages may be claimed against the Defendants:
 - a) reimbursement of the aggregate of the sums unlawfully overcharged in excess of \$200.00 per plan during the Class Period;
118. Individual questions, if any, pale by comparison to the numerous common questions that are significant to the outcome of the present Application;
119. The questions of fact and law raised and the recourse sought by this Application are identical with respect to each member of the Class and Subclass, namely:

Concerning the Class:

- a) Did Defendants unlawfully overcharge more than \$200.00 per plan to Class members residing in Quebec, in violation of subsection 1.1 (7) of *Regulation no. 15*?

Concerning Subclass 1:

- b) Did Defendants violate subsection 1.1 (11) of *Regulation no. 15* when Subclass 1 members residing in Quebec incurred the complete forfeiture of their capital and accumulated interest in their plan when it was abandoned before its maturity?

Concerning Subclass 2:

- c) Is the contract entered into between Subclass 2 members and Defendants, for their RESPs, a contract of adhesion?
- d) If so, is the clause providing for Enrolment Fees, Sales Charges and/or Membership Fees in excess of \$200.00 per plan abusive under article 1437 CCQ?
- e) If so, should the abusive clause be declared null with regard to Subclass 2 members?
- f) Alternatively, should the obligations arising out of the abusive clause be reduced to \$200.00 per plan for Subclass 2 members?

Concerning the Class and all Subclasses:

- g) Are the members of the Class and Subclasses entitled to compensatory damages and, if so, in what amount?
- h) Should an injunctive remedy be ordered to force Defendants to immediately cease the practice of charging Enrolment Fees/Sales Charges in excess of \$200.00 per plan?

C) THE COMPOSITION OF THE CLASS:

- 120. The composition of the Class makes it difficult or impracticable to apply the rules for mandates to take part in judicial proceedings on behalf of others or for consolidation of proceedings;
- 121. Applicant is unaware of the total number of the Defendants' clients or Class and Subclass members who opened an RESP with the Defendants, nor is Applicant aware of the total number of RESPs sold by Defendants to Class and Subclass members during the Class Period;
- 122. However, on its website, the RESPDAC boasts that as of December 31st, 2014, its members (Defendants Global RESP Corporation, Heritage Education Funds Inc.,

Knowledge First Financial Inc. and Universitas Management Inc.) “administered **over \$10 billion** in RESP assets on behalf of Canadians. Each year, **hundreds of thousands of students** are able to attend college or university, thanks to RESPs provided by our member firms” (<http://www.respdac.com>);

123. For its part, Defendant Canadian Scholarship Trust Foundation claims that “CST currently manages **\$4.2 billion** in assets for **more than 250,000 Canadian families**” (<http://www.cst.org/en/Group-Plan>);
124. According to the HRSDC Report, Exhibit P-2, there was a total of **\$118 million in Enrolment Fees** charged in 2006 by Defendants C.S.T. Consultants Inc., Children’s Education Funds Inc., Heritage Education Funds Inc., USC (currently operating as Knowledge First Financial Inc.) and Universitas Management Inc. (Table A11 of the HRSDC Report, at pages 44-45);
125. Based on the above information, the aggregate amount of Enrolment Fees/Sales Charges unlawfully collected by the Defendants in the province of Quebec during the Class Period is likely in the **hundreds of millions of dollars**;
126. The number of persons included in the Class and Subclasses is estimated to be in the tens of thousands;
127. The names and addresses of all persons included in the Class and Subclasses are not known to the Applicant, however, are in the possession of the Defendants;
128. Class and Subclass members are very numerous and are dispersed across Quebec and elsewhere;
129. In these circumstances, a class action is the only appropriate procedure for all of the members of the Class and Subclasses to effectively pursue their respective rights and have access to justice without overburdening the court system;

D) THE CLASS MEMBER REQUESTING TO BE APPOINTED AS REPRESENTATIVE PLAINTIFF IS IN A POSITION TO PROPERLY REPRESENT THE CLASS MEMBERS:

130. Applicant is a member of the Class;
131. For the reasons mentioned above (at paragraphs **93, 94 110, 112 and 113**), Applicant in the present case has standing to bring a class action against all of the Defendants;
132. Applicant undertakes the present action to ensure that other vulnerable families are not taken advantage of;
133. Applicant began investigating the facts underpinning the present action in early 2014 and has since been in contact with at least two dozen Class members in Quebec;

134. Applicant spent time educating himself about the differences between RESPs offered by banks, compared to Group Plans distributed and sponsored by Defendants;
135. Applicant was dismayed to learn that Canadian banks do not charge subscribers any of the front-ended Enrolment Fees, Sales Charges and/or Membership Fees that Defendants charge for their Group Plans;
136. Applicant also learnt that all Canadian banks allow subscribers to withdraw their capital from their RESPs without forfeiting huge amounts in Enrolment Fees, Sales Charges and/or Membership Fees;
137. During the course of his investigation, Applicant discovered the HRSDC Report in May of 2014, Exhibit P-2, and realized the magnitude of Defendants' misconduct and the devastating financial impact the Sales Charges/Enrolment Fees could have on other Canadian families;
138. Over the last 24 months, Applicant has spent many hours investigating the issue of the Sales Charges/Enrolment Fees charged by Defendants and has come across a number of news articles and forums on the internet with people sharing similar experiences;
139. One such article which really motivated the Applicant to persevere with this action was published on the CBC website (<http://www.cbc.ca/news/canada/group-resps-reading-the-fine-print-1.975107>), titled "*Group RESPs: reading the fine print*", Applicant disclosing a copy of the article as **Exhibit P-13**;
140. A video lasting 2:28 at the top left side of the above-cited CBC webpage titled "*RESP Complaints*" shed light on the systemic issue and further motivated the Applicant to put an end to the Defendants' misconduct;
141. Applicant has also been active in locating and informing Class members on social media and has posted news articles concerning the dangers of Group Plan RESPs on his personal Facebook page on several occasions;
142. Applicant recently learnt about *Regulation no. 15* and feels that it's his mission to put teeth into subsection 1.1 (7), by taking the present action on behalf of all consumers in the same situation;
143. Applicant is ready and available to manage and direct the present action in the interest of the members of the Class that he wishes to represent and is determined to lead the present dossier until a final resolution of the matter, the whole for the benefit of the Class and Subclasses, as well as, to dedicate the time necessary for the present action and to collaborate with his attorneys;
144. Applicant's attorneys practice primarily in consumer protection-related class actions and Applicant considers his attorneys experienced and competent;

145. Applicant will continue taking initiatives to locate and to inform other potential Class and Subclass members of the existence of this class action;
146. Applicant realizes that it is obvious that the number of Class and Subclass members can be in the tens of thousands and is committed to be available on social media sites, such as Facebook, to keep Class and Subclass members informed;
147. Applicant has the capacity and interest to fairly and adequately protect and represent the interest of the members of the Class and Subclasses;
148. Applicant has given the mandate to his attorneys to obtain all relevant information with respect to the present action and intends to keep informed of all developments;
149. Applicant, with the assistance of his attorneys, is ready and available to dedicate the time necessary for this action and to collaborate with other members of the Class and Subclasses and to keep them informed;
150. Applicant is in good faith and has instituted this action for the sole purpose of having his rights, as well as the rights of other Class and Subclass members, recognized and protected so that they may be compensated for the damages that they have suffered as a consequence of the Defendants' misconduct;
151. Applicant understands the nature of the action;
152. Applicant's interests are not antagonistic to those of other members of the Class and Subclasses;
153. Applicant's interest and competence are such that the present class action could proceed fairly;

III. THE DEFENDANTS AND THEIR VIOLATIONS:

154. All of the Defendants' application forms, contracts and prospectuses contain clauses providing that Class members will be charged fees on a per unit basis (which ultimately far exceeds the allowable maximum of **\$200.00 per plan**);
155. Defendants operate their respective enterprises (as defined in third paragraph of article 1525 CCQ) and engage in the carrying on of an organized economic activity, commercial in nature, consisting of providing the service of promoting, distributing and sponsoring Group Plan RESPs;

(i) C.S.T. Defendants:

156. Defendant **C.S.T. Consultants Inc. (“CSTC”)**, a wholly-owned subsidiary of Defendant Canadian Scholarship Trust Foundation, is incorporated under the laws of Canada, having its head office in Toronto, Ontario;
157. Defendant **CSTC** commenced operations in 1988 as the exclusive Distributor of CST’s Plans in addition to providing administration services to the Foundation and the Plans. In 2010, CSTC was appointed investment fund manager of the Plans and carries out the overall management and administration of the Plans;
158. Defendant **Canadian Scholarship Trust Foundation** is a not-for-profit organization constituted under the law of Canada. It sponsors and provides governance and oversight over the Plans (including the *Group Savings Plan 2001* and the *Group Savings Plan*). In its role as plan Sponsor and provider of governance and oversight in respect of the Plans, the CST Foundation supervises and performs specific functions, including entering into the education savings plan agreements with the Subscribers;
159. In their *Group Savings Plan 2001, Individual Savings Plan and Family Savings Plan* Prospectus dated October 21st, 2015, Applicant disclosing **Exhibit P-14**, Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation provide as follows (p. 17):

For example, let’s assume your Beneficiary is a newborn. If you want to make monthly Contributions until maturity, **it will cost \$9.50 each month for each Unit you buy**. You would have to make 204 Contributions over the life of your plan, for a total investment of \$1,938.00.

If your child is five years old and you want to make annual Contributions until maturity, **it will cost \$210.00 each year for each Unit you buy**. You would have to make 12 Contributions over the life of your plan, for a total investment of \$2,520.00.

160. The terms used by Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation in the example above are confusing because the \$9.50 each month for each unit is in fact the Subscriber’s contribution (i.e. monthly savings) per unit, but the Subscriber’s front-ended “cost” is **\$200.00 per unit**;
161. Therefore, a Subscriber contributing \$95.00 per month for a newborn’s RESP, with Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation, would have 10 units in the Group Plan and the Sales Charge for this plan would be calculated as follows:
- **Monthly contribution:** \$9.50/month x 10 units = **\$95.00**
 - **Total Sales Charge:** 10 units x \$200.00 per unit = **\$2,000.00**

162. In the illustration above, Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation would have charged Sales Charges of **\$1,800.00** above the **\$200.00** maximum provided for by law;
163. Sales Charges can often cost Subscribers upwards of **several thousand dollars per plan** (Applicant paid Enrolment Fees of **\$7,800.00** for his three Group Plans, as detailed herein at paragraph 70);
164. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation’s prospectus, Exhibit P-14, sets out the Sales Charges at its page 17, a portion of which is reproduced below:

Costs of Investing in this Plan

There are costs for joining and participating in the Group Savings Plan 2001. The following tables list the fees and

expenses of this Plan. You pay some of these fees and expenses directly from your Contributions. The Plan pays some of the fees and expenses, which are deducted from the Plan’s Income.

Fees you pay

These fees are deducted from your Contributions. They reduce the amount that gets invested in your plan, which will reduce the amount available for EAPs.

	Fee	What you pay	What the fee is for	Who the fee is paid to
<p>Paying off the sales charges</p> <p>Assume, for example, you buy one Unit of the Group Savings Plan 2001 on behalf of your newborn child, and you commit to paying for that Unit by making monthly Contributions until your Plan’s Maturity Date. All of your first 11 Contributions go toward the sales charges until half of the sales charges are paid off. Half of your next 21 Contributions go toward the sales charges</p>	Sales charge¹	<p>\$200 per Unit</p> <p>This can be between 3.1% and 24.1% of the cost of a Unit, depending on the Contribution option you select for your plan and how old your Beneficiary is at the time you open your plan</p> <p>All of your Contributions go toward this fee until half of it has been paid off, and then half of each of your Contributions afterwards goes toward this fee until it has been paid in full</p> <p>Beneficiaries enrolled in Eligible Studies who collect all four EAPs will receive a refund of at least 50% of sales charges paid. See Refund of Sales Charges on page 24</p>	This is for paying commissions to your sales representative, and covering the costs of selling your plan	A portion is paid to the sales charge refund account and the balance is paid to C.S.T. Consultants Inc. as a distribution fee
	Account maintenance fee²	<ul style="list-style-type: none"> • \$10.00 per year for monthly Contributions • \$6.50 per year for annual Contributions • \$4.00 per year for annual Contributions over 2 years 	This is for processing your Contributions and for maintaining your plan	Canadian Scholarship Trust Foundation

165. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation confirm at page 21 of their prospectus, Exhibit P-14, that the fee of **\$200.00 per unit** charged to Class members **“is for paying commissions to your sales representative, and covering the costs of selling your plan”**, and this in violation of *Regulation no. 15*;
166. Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation further state that: *“All of your first 11 Contributions go toward the sales charges until half of the sales charges are paid off. Half of your next 21 Contributions go toward the sales charges until they are fully paid off. Altogether, it will take 32 months to pay off the sales*

charges. During this time, 34% of your Contributions will be invested in your plan", also in violation of Regulation no. 15;

167. In its prospectus dated **June 16th, 2008**, a copy of which was provided to Applicant when opening his RESP on February 2nd, 2009 and disclosed as **Exhibit P-15**, Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation explicitly state: "*For example, if you are contributing \$50 per month and **the total enrolment fee is \$500...***" (page 28), as it appears below:

ENROLMENT FEE

When you join the Plan, a one-time enrolment fee of \$200 per Unit (\$0.20 per 1/1000 of a Unit) is required. With Single Contribution plans, this fee is paid at the time of Application.

With other plans, the fee is paid through regular deductions as follows:

- all of your Contributions are applied to the enrolment fee until half of the fee is paid; and
- after that, only half of your Contributions will be applied to the enrolment fee until the remainder is paid.

For example, if you are contributing \$50 per month and the total enrolment fee is \$500, the enrolment fee

would be paid as follows:

- first five months: \$50 per month would go to the enrolment fee (this equals \$250, which is half of the enrolment fee);
- subsequent 10 months: \$25 per month would go to the enrolment fee (this equals \$250, which fully pays the enrolment fee) and \$25 per month would go to the Principal; and
- subsequently \$50 per month would go to the Principal.

For recipients of the Canada Learning Bond, \$25 will be deposited by the Government of Canada into your RESP.

168. The above example provided by Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation in their prospectus dated June 16th, 2008, Exhibit P-15, further confirms the extent to which their prospectus was not acceptable for filing because it did not meet the condition required under subsection 1.1 (7) of Regulation no. 15 (which imposes a maximum Enrolment Fee/Sales Charge of \$200.00 per plan);

(ii) Heritage Defendants

169. Defendant **Heritage Education Funds Inc.** is a scholarship plan dealer (Distributor) incorporated under the *Canada Business Corporations Act*, having its head office in Toronto, Ontario;
170. Defendant **Heritage Educational Foundation** is a not-for-profit corporation incorporated under the *Canada Corporations Act*, having its head office in Toronto, Ontario. According to its prospectus, Heritage Educational Foundation is the Sponsor of the Heritage Plans and administers assets that exceed \$2.43 billion;
171. Defendants Heritage Education Funds Inc. and Heritage Educational Fund also unlawfully exercise their commercial activities in violation of Regulation no. 15, as it appears from the "Heritage Plans" prospectus dated August 7th, 2015, Applicant

disclosing **Exhibit P-16**, an excerpt of which is reproduced below (page 23 of prospectus):

COSTS OF INVESTING IN THIS PLAN

There are costs for joining and participating in the Heritage Plans. The following tables list the fees and expenses of the plan. You pay some of these fees and expenses directly from your contributions. The plan pays some of the fees and expenses, which are deducted from the plan's earnings.

PAYING OFF THE SALES CHARGES

For example, assume that you buy one unit of the Heritage Plans on behalf of a newborn child, and you commit to making monthly contributions until the maturity date to pay for that unit. All of your first ten and part of your 11th contribution go toward the sales charge until half of the sales charge is paid off. Half of your next 23 contributions will go toward the sales charge until it's fully paid off. Altogether, it will take you 33 months to pay off the sales charge. During this time, 63.8% of your contributions will be used to pay the sales charge and 36.2% of your contributions will be invested in your plan.

FEES YOU PAY

These fees are deducted from your contributions. They reduce the amount that gets invested in your plan, which will reduce the amount available for EAPs.

Fee	What you pay	What the fee is for	Who the fee is paid to
Sales charge ¹	<p>\$100 per unit (pro-rata basis for fractional units). The sales charge is deducted from early contributions as follows: 100% of your contributions go towards the sales charge until half of it is paid. After that, 50% of your contributions go to pay off the sales charge and 50% is invested in your plan. Depending on the contribution schedule you selected and the age of your beneficiary, the sales charge may range between 2.47% and 22.86% of the total cost of the unit. The exact % of the sales charge per unit will depend on your contribution schedule and your beneficiary's age at the time you open a plan.</p> <p>Employer / group programs may qualify for a reduction of the sales charge. Please see the "Employer / group programs" section on page 41 for more details.</p>	To pay sales commissions	Distributor
Account maintenance fee ¹ (per year per each plan)	<p>Single lump-sum contribution - \$3.50²; Annual contribution - \$6.50²; Monthly contributions - \$10².</p> <p>(Subject to amendment in future by the Foundation upon prior notice given to the subscribers).</p>	To cover expenses of maintaining your plan.	Foundation (which pays it to the investment fund manager).

172. Under the heading "Fees You Pay" in the excerpt above, Defendants Heritage Education Funds Inc. and Heritage Educational Fund state that there is a charge of \$100 per unit, and this in violation *Regulation no. 15*;
173. Under the heading "Paying Off the Sales Charges", Defendants Heritage Education Funds Inc. and Heritage Educational Fund state that "*All of your first ten and part of your 11th contribution go toward the sales charge until half of the sales charge is paid off*", also in violation of *Regulation no. 15*;

(iii) Universitas Defendants

174. Defendant **Universitas Management Inc.**, a joint stock company governed by the *Quebec Business Corporations Act*, acts as the investment fund manager and plan Distributor. Universitas Management Inc. is a wholly-owned subsidiary of Defendant Universitas Foundation of Canada. Universitas Management Inc. is registered as an investment fund manager and scholarship plan dealer pursuant to the *Quebec Securities Act*;

175. Defendant **Universitas Foundation of Canada** is a not-for-profit organization constituted under the laws of the province of Quebec. The Foundation is the Sponsor of the Universitas Plans (including the Universitas and REEFLEX plans) and oversees the administration and management of each plan sold by Universitas Management Inc.;
176. Both Defendants Universitas Management Inc. and Universitas Foundation of Canada have their head offices in Quebec City, Quebec;
177. Defendants Universitas Management Inc. and Universitas Foundation of Canada also unlawfully exercise their commercial activities in Quebec in violation of *Regulation no. 15*, as it appears from the “Reflex Plan” section of their prospectus dated November 30th, 2015, Applicant disclosing **Exhibit P-17**, an excerpt of which is reproduced below (page 28 of prospectus):

COSTS OF INVESTING IN THIS PLAN

There are costs for joining and participating in the REFLEX Plan. The following tables present a list of the fees and expenses of this plan. You pay a portion of these fees directly from your contributions. The plan pays a portion of the fees, which are deducted from the plan’s earnings.

FEES YOU PAY

These fees and expenses are deducted from your contributions. They reduce the amount that gets invested in your plan, which will reduce the amount available for EAPs.

Fee	What you pay	What the fee is for	Who the fee is paid to
Sales charges (also the cancellation fee applicable after 60 days) <i>Note: Sales charges are refunded in full at maturity or in the event of cancellation within 60 days of signing the contract</i>	Flat fee of \$200 per whole unit Per unit fraction: fee is proportional to that of a whole unit The exact percentage of sales charges depends on the contribution option selected and the age of the beneficiary at the time the plan is opened. This percentage usually ranges from 1.0% to 19.8% of the contributions	This is a commission for selling you the plan	The Distributor (Universitas Management Inc.)

* The fees listed in this table may be increased without subscriber approval.

Paying off the sales charges

For example, if you subscribe to a REFLEX Plan unit for a newborn and opted for monthly contributions until the maturity date, 100% of your initial contributions are used to pay off up to 50% of the sales charges; 50% of the following contributions are used to pay the sales charges until payment in full. In total, it will take 27 months to pay off the sales charges. During that period, 66% of your contributions will be used to pay sales charges and 34% will be invested in your plan.

178. Under the heading “What you pay”, Defendants Universitas Management Inc. and Universitas Foundation of Canada state that their Sales charges are a “**Flat fee of \$200 per whole unit**”, and this in violation of *Regulation no. 15*;
179. In their example at the bottom of the excerpt above (under the heading “Paying off the sales charges”), Defendants Universitas Management Inc. and Universitas Foundation of Canada further state that “*100% of the initial contributions are used to pay off up to 50% of the sales charges*”, always in violation of *Regulation no. 15*;

180. If, for any reason (financial hardship for example), a Class member cancels the plan after contributing \$112.50 per month for 10 units (Universitas' contribution for a newborn is \$11.25 / unit) for 8 months, the sales charge would be as follows:

- **Total contributions:** \$112.50 x 8 months = **\$900.00**
- **Initial Sales Charge:** 10 units x \$200/unit = **\$2,000.00**
- **50% of the sales charge:** \$2000 ÷ 2 = **\$1,000.00**

181. After contributing \$900.00 over the course of 8 months, the Class member abandoning the plan before its maturity would have forfeited 100% of his/her contributions (capital and accumulated interest) on account of Sales Charges (i.e. fees) and this is violation of both subsections 1.1 (7) and 1.1 (11) of *Regulation no. 15*;

(iv) Children's Education Defendants

182. Defendant **Children's Education Funds Inc.**, wholly owned by Children's Financial Group Inc., is incorporated under the laws of Ontario, with its head office in Burlington, Ontario. Children's Education Funds Inc. is the scholarship plan dealer and investment fund manager of the Children's Education Funds Plans, commencing its operations in 1991 as the exclusive Distributor of the Children's Education Funds Plans in addition to providing administration services to the Foundation and the Plans;

183. Defendant and **Children Educational Foundation of Canada** is a non-profit corporation without share capital incorporated by Letters Patent under the laws of Canada in 1990, and is the Sponsor of the Children's Educational Plans;

184. Defendants Children's Education Funds Inc. and Children Educational Foundation of Canada also unlawfully exercise their commercial activities in violation of *Regulation no. 15*, as it appears from their prospectus dated November 12th, 2015, Applicant disclosing **Exhibit P-18**, an excerpt of which is reproduced below (page 21 of prospectus):

Fees You Pay

These fees are deducted from your Contributions. They reduce the amount that gets invested in your Plan, which will reduce the amount available for EAPs.

Paying off the sales charge	Fee	What you pay	What the fee is for	Who the fee is paid to
For example, assume that you buy one Unit of the Group Option Plan on behalf of a newborn child, and you commit to making monthly Contributions until maturity to pay for that Unit. All of your first 11 Contributions go toward the sales charge until half of the sales charge is paid off. Half of your next 21 Contributions go toward the sales charge until it's fully paid off. Altogether, it will take you 32 months to pay off the sales charge. During this time, 34% of your Contributions will be invested in your Plan.	Sales Charge*	\$200.00 per Unit This can be between 2.8% and 27.3% of the cost of a Unit, depending on the Contribution option you select for your Plan and how old your Beneficiary is at the time you open your Plan.	This is for paying commissions to your dealing representative and covering the cost of selling your Plan	Children's Education Funds Inc.
	Annual Depository Fee**	\$5.00*** for single deposit method \$8.00*** for annual deposit method \$12.00*** for monthly deposit method	This is for processing your Contributions	Children's Education Funds Inc.

- 185. In the excerpt above, under the heading “What you pay”, Defendants Children’s Education Funds Inc. and Children Educational Foundation state that their Sales Charge is “**\$200.00 per Unit**”, and this in violation of *Regulation no. 15*;
- 186. Under the heading “Paying Off the Sales Charge”, Defendants Children’s Education Funds Inc. and Children Educational Foundation of Canada further state that “*All of your first 11 Contributions go toward the sales charge until half of the sales charge is paid off*”, and this also in violation of *Regulation no. 15*;

(v) Global Defendants

- 187. Defendant **Global RESP Corporation**, incorporated under the laws of Canada, is the Distributor of the plans (including the Legacy Education Savings Plan and the Global Education Trust Plan), having its head office in Richmond Hill, Ontario;
- 188. Defendant **Global Educational Trust Foundation** is a non-profit corporation without share capital incorporated under the laws of Canada, having its head office in Richmond Hill, Ontario. As Sponsor of the Plans (including the Global Education Trust Plan and the Legacy Education Savings Plan), the Foundation is considered to be promoter of the plans;
- 189. Defendants Global RESP Corporation and Global Educational Trust Foundation also unlawfully exercise their commercial activities in violation of *Regulation no. 15*, as it appears from their prospectus dated February 9th, 2015, Applicant disclosing **Exhibit P-19**, an excerpt of which is reproduced below (page 27 of prospectus):

Fees You Pay

These fees are deducted from your Contributions. They reduce the amount that gets invested in your plan, which will reduce the amount available for EAPs.

Paying Off the Sales Charge

For example, assume that you buy one Unit of the Global Educational Trust Plan on behalf of newborn child, and you commit to making monthly Contributions until the Maturity Date to pay for that Unit. 100% of your first Contributions go toward the sales charge until 100% of the sales charge is paid off. Altogether, it will take you up to 26 months to pay off the sales charge. During this time, approximately 99% of your Contributions will be used to pay the sales charge and approximately 1% of your Contributions will be invested in your plan.

Fee	What you pay	What the fee is for	Who is the fee paid to
Sales Charge	\$60 per Unit, or 11.9% of the cost of a Unit. Up to 100% of each of your initial Contributions go towards the sales charge until such charge is paid in full.	To pay your sales representative and to cover the costs of selling your plan	Global RESP Corporation
Account Maintenance Fee	- \$4 per year for lump sum Contributions - \$6 per year for annual Contributions - \$8 per year for semi-annual Contributions - \$10 per year for quarterly Contributions - \$12 per year for monthly	This is for processing your Contributions and maintaining your plan	Global RESP Corporation

- 190. In the excerpt above, under the heading “What you pay”, Defendants Global RESP Corporation and Global Educational Trust Foundation state that their Sales Charge is “\$60 per Unit”, and this in violation of *Regulation no. 15*;
- 191. Under the heading “Paying Off the Sales Charge”, Defendants Global RESP Corporation and Global Educational Trust Foundation state that “100% of your first Contributions go toward the sales charge until 100% of the sales charge is paid off. Altogether, it will take you up to 26 months to pay off the sales charge. During this time, approximately 99% of your Contributions will be used to pay the sales charge and approximately 1% of your Contributions will be invested in your plan”, this too in violation of *Regulation no. 15*;

(vi) Knowledge First Defendants

- 192. Defendant **Knowledge First Financial Inc.** (formerly USC Education Savings Plans Inc.) incorporated under the laws of Canada, is the principal Distributor of Knowledge First’s Educational Savings Plans (including the “**Family Group Education Savings Plan**” and formerly the “USC Family Group Education Savings Plan”), with its head office in Mississauga, Ontario;

193. Defendant **Knowledge First Foundation** (formerly the International Scholarship Foundation) is a not-for-profit corporation incorporated under the laws of Canada, having its head office in Mississauga, Ontario. The Foundation sponsors and promotes the Knowledge First’s Educational Savings Plans (including the Family Group Education Savings Plan and formerly the USC Family Group Education Savings Plan) and has overall responsibility for the Plans including overseeing the investment of all Plan assets;
194. Defendants Knowledge First Financial Inc. and Knowledge First Foundation also unlawfully exercise their commercial activities in violation of *Regulation no. 15*, as it appears from their prospectus dated August 26th, 2015, Applicant disclosing **Exhibit P-20**, an excerpt of which is reproduced below (page 32 of prospectus):

Fees you pay

These fees are deducted from your contributions. They reduce the amount that gets invested in your plan, which will reduce the amount available for EAPs.

	FEE	WHAT YOU PAY	WHAT THE FEE IS FOR	WHO THE FEE IS PAID TO
<p>Paying off the sales charge</p> <p>For example, assume that you buy one unit of the group plan on behalf of your newborn child, and you will make 208 monthly contributions. All of your first 10 contributions go toward the sales charge until half of the sales charge is paid off. Then after that half of your next 21 contributions go toward the sales charge until it's fully paid off. In this example, altogether, it will take you 31 months to pay off the sales charge. During this initial period, 67% of your contributions will be used to pay the sales charge and 33% of your contributions will be invested in your plan.</p>	Sales charge	<ul style="list-style-type: none"> • \$100 per unit <p>Charged against your first contributions:</p> <ul style="list-style-type: none"> • 100% of each contribution until half of the total fee has been paid, then • 50% of each contribution until the fee is paid in full. <p>The percentage of the sales charge as compared to total contributions will vary between 2.2% and 22.2% depending on the contribution option selected – which will depend on the age of the beneficiary at enrolment and how frequently you wish to make contributions to your plan.</p>	One-time commission for selling you your group plan	Paid to the Distributor Sales representatives receive compensation from the sales charge.
	Depository fee	<p>Based on your contribution schedule:</p> <ul style="list-style-type: none"> • \$10/year if you're making monthly contributions (plus GST/HST) • \$6.50/year if you're making annual contributions (plus GST/HST) • \$3.50/year if you're making a single contribution (plus GST/HST) 	Fee for processing your contributions	Paid to the Manager

195. In the excerpt above, under the heading “What you pay”, Defendants Knowledge First Financial Inc. and Knowledge First Foundation state that their Sales Charge is \$100 per unit, and this in violation of *Regulation no. 15*;
196. Under the heading “Paying off the sales charge”, Defendants Knowledge First Financial Inc. and Knowledge First Foundation state that “*All of your first 10 contributions go toward the sales charge until half of the sales charge is paid off. Then after that half of your next 21 contributions go toward the sales charge until it's fully paid off. In this example, altogether, it will take you 31 months to pay off the sales charge. During this initial period, 67% of your contributions will be used to pay the sales charge and 33% of your contributions will be invested in your plan*”, in violation of *Regulation no. 15*;

RESP Dealers Association of Canada

197. Not called in as a Defendant, but still relevant to the present action, the RESP Dealers Association of Canada (“**RESPDAC**”) is a non-profit corporation incorporated under the laws of Canada, having its head office in Mississauga, Ontario (at the same address as Defendants Knowledge First Financial Inc. and Knowledge First Foundation);
198. The RESPDAC is the industry association of four (4) Scholarship Plan Dealers that distribute and administer RESPs in Canada (Defendants Global RESP Corporation, Heritage Education Funds Inc., Universitas Management Inc. and Knowledge First Financial Inc.);
199. The RESPDAC’s mandate includes: (i) fostering cooperative relations amongst members; (ii) developing, maintaining and enforcing the highest standards of proficiency, professionalism and ethical conduct by all members, their employees and dealing representatives; and (iii) ensuring all members deal fairly, honestly and in good faith with their customers. RESPDAC states that their “*focus is on working cooperatively with provincial regulators in ensuring professional, efficient and ethical operations for the security and benefit of our subscribers*”;
200. The RESPDAC published a *Sales Representative Proficiency Course* for its association members, in which it openly acknowledges at page 116 that: “*Enrolment fees generally range from \$50 to \$200 per unit. **While National Policy 15 (discussed in Chapter 13) comments on maximum allowable enrolment fees, the limits acceptable to the regulators have changed since NP 15 was first adopted in 1987***”, Applicant disclosing the Sales Representative Proficiency Course as **Exhibit P-21**, an extract of which is reproduced below:

CHAPTER 7 OVERVIEW

You will need a thorough understanding of fees and expenses in order to answer client questions. This chapter explains the fees associated with Scholarship Plans, why they are charged, when and how.

Enrolment or Membership Fees

The subscriber incurs certain sales charges when enrolling in a Scholarship Plan. These are generally enrolment fees (or membership fees) that are paid to the distributing dealer to cover the costs of distributing the Plan, paying commissions to sales representatives and providing service to subscribers.

Enrolment fees generally range from \$50 to \$200 per unit. While National Policy 15 (discussed in Chapter 13) comments on maximum allowable enrolment fees, the limits acceptable to the regulators have changed since NP 15 was first adopted in 1987.

201. The RESPDAC makes no further reference to the so-called regulatory changes concerning the limits acceptable for enrolment fees, nor do such changes appear to exist in the province of Quebec (where *Regulation No. 15* remains valid since coming into force on September 19th, 2005);
202. Even more egregious is that all of the Defendants are all very well aware of the maximum allowable Enrolment Fees for Group Plans, but completely disregard subsections 1.1 (7) and (11) of *Regulation no. 15*;
203. By reason of Defendants' unlawful conduct (breach of *Regulation no. 15* in Quebec), the Applicant and the members of the Class and Subclasses have suffered a prejudice, which they wish to claim, every time Defendants unlawfully charged an amount in excess of over \$200.00 per plan;

IV. DAMAGES

204. During the Class Period Defendants have generated **hundred of millions of dollars** while intentionally choosing to ignore the law in Quebec, by unlawfully charging Enrolment Fees, Sales Charges and/or Membership Fees in excess of \$200.00 per plan;
205. Defendants' misconduct is unconscionable and to the detriment of vulnerable families in Quebec;
206. Defendants' misconduct, which often results in Class and Subclass members forfeiting contributions made towards a child's post-secondary education, is so malicious, oppressive and high-handed that it offends any sense of decency;
207. Consequently, the Defendants have breached several obligations imposed on them by the *Civil Code of Quebec*, as well as by securities legislation and regulations in Quebec, including:
 - a) Quebec's *Regulation no. 15 Respecting Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*, c. V-1.1, r. 44, subsection 1.1 (7) and subsection 1.1 (11);
 - b) The *Civil Code of Quebec*, including articles 6, 7, 1375, 1434, 1437 and 1458;
208. Moreover, Defendants failed in their obligation and duty to act in good faith;

V. THE CLASS AND SUBCLASSES

209. The Class for whom the Applicant intends to act is described in the first paragraph of this Application and includes all natural persons, who during the Class Period, while residing in the province of Quebec, had an active contract with any of the Defendants in

which they were a Subscriber and/or contributor (either primary or joint) for an RESP and who were charged a fee (referred to as “Enrolment Fee”, “Sales Charge” and/or “Membership Fee”), including the commissions of the distributor and its salesmen, exceeding \$200.00 per plan;

210. Subclass 1 is composed of all natural persons, who at any time during the Class Period, while residing in the province of Quebec, had an active contract with any of the Defendants in which they were a Subscriber and/or contributor (either primary or joint) for an RESP, and who incurred the complete forfeiture of the capital and accumulated interest in their RESP because it was abandoned before its maturity;
211. Subclass 2 is composed of all natural persons, who at any time during the Class Period, while residing in the province of Quebec, had an active contract with any of the Defendants in which they were a Subscriber and/or contributor (either primary or joint) for an RESP, and whose RESP Agreement included the following clause (or similar thereto) with respect to the Sales Charges, Enrolment Fees and/or Membership Fees:

“You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid.”

VI. NATURE OF THE ACTION AND CONCLUSIONS SOUGHT

212. The action that the Applicant wishes to institute on behalf of the members of the Class and Subclasses is an action in damages, injunctive relief and declaratory judgment;
213. The conclusions that the Applicant wishes to introduce by way of an Application to Institute Proceedings are:

GRANT Plaintiff’s action against Defendants on behalf of all the members of the Class and Subclasses;

DECLARE the Defendants liable for the damages suffered by the Plaintiff and each of the members of the Class and Subclasses;

ORDER the Defendants to cease charging consumers residing in Quebec more than \$200.00 per plan in Enrolment Fees and/or Sales Charges;

CONDEMN Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust

Foundation, solidarily, to pay Moshe Segalovich the amount of \$7,200.00 itemized as follows:

- Agreement #13041088: fees charged (**\$2,200**) - legal maximum (**\$200**): **\$2,000.00**
 - Agreement #13090933: fees charged (**\$2,400**) - legal maximum (**\$200**): **\$2,200.00**
 - Agreement #21333262: fees charged (**\$3,200**) - legal maximum (**\$200**): **\$3,000.00**
- **Total: \$7,200.00**

- **CONCLUSIONS FOR CLASS MEMBERS**

CONDEMN the Defendants to pay to Moshe Segalovich and to the members of the Class compensatory damages for the aggregate of the difference between the amounts charged per plan as Enrolment Fees, Sales Charges and/or Membership Fees and the legal maximum of \$200.00 per plan permissible for RESPs, and **ORDER** collective recovery of these sums;

- **CONCLUSIONS FOR SUBCLASS 1**

CONDEMN the Defendants to pay members of Subclass 1 compensatory damages for the aggregate of the amounts representing the capital and accumulated interest completely forfeited in cases where their plans were abandoned before maturity, and **ORDER** collective recovery of these sums;

ORDER the Defendants to cease distributing, selling, promoting and sponsoring RESPs that could call for the complete forfeiture of the capital and accumulated interest in cases where the plan is abandoned before its maturity;

- **CONCLUSIONS FOR SUBCLASS 2**

DECLARE abusive and null the following contract provision which appears in the Defendants' contracts of adhesion in the following, or similar terms:

"You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid."

CONDEMN the Defendants to pay members of Subclass 2 compensatory damages for the aggregate of the amounts charged in Enrolment Fees, Sales Charges and/or

Membership Fees, and **ORDER** collective recovery of these sums;

SUBSIDIARILY,

DECLARE abusive the following clause which appears in the Defendants' contracts of adhesion in the following, or similar terms:

"You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid."

REDUCE the obligations of Subclass 2 members arising from the abusive clause so that Subclass 2 members pay only the permissible maximum of \$200.00 per plan;

CONDEMN the Defendants to pay members of Subclass 2 compensatory damages for the aggregate difference between the amounts charged in Enrolment Fees, Sales Charges and/or Membership Fees for all Group Plans and the \$200.00 per plan permissible by law, and **ORDER** collective recovery of these sums;

- **CONCLUSIONS FOR THE CLASS AND ALL SUBCLASSES**

CONDEMN the Defendants to pay interest and the additional indemnity on the above sums according to law from the date of service of the *Application to Authorize a Class Action and to Appoint the Status of Representative Plaintiff*;

ORDER that the claims of individual Class and Subclass members be the object of collective liquidation if the proof permits and alternately, by individual liquidation;

ORDER the Defendants to deposit in the office of this Court the totality of the sums which forms part of the collective recovery, with interest and costs;

CONDEMN the Defendants to bear the costs of the present action including the cost of notices, the cost of management of claims and the costs of experts, if any, including the costs of experts required to establish the amount of the collective recovery orders;

RENDER any other order that this Honourable Court shall determine;

214. The interests of justice favour that this Application be granted in accordance with its conclusions;

VII. JURISDICTION

215. The Applicant suggests that this class action be exercised before the Superior Court of the province of Quebec, in the judicial district of Montreal, for the following reasons:
- a) There exists a real and substantial connection between the province of Quebec and the damages suffered by Applicant, Class and Subclass members;
 - b) Each of the Defendants either has its representatives, its place of establishment, its elected domicile or its designated attorney (*fondé de pouvoir*) in the judicial district of Montreal, as it appears from extracts of the enterprises' information statements from the Quebec enterprise register ("**CIDREQ**") for all the Defendants, disclosed *en liasse* as Applicant's **Exhibit P-22**;
 - c) Applicant's RESP contract was entered into in the judicial district of Montreal;
 - d) A great number of the members of the Class and Subclasses, including the Applicant, reside in the judicial district of Montreal;
 - e) Defendants conduct business and have sales representatives in the judicial District of Montreal;
 - f) The Applicant's attorneys practice their profession in the judicial district of Montreal;

FOR THESE REASONS, MAY IT PLEASE THE COURT:

GRANT the present Application;

AUTHORIZE the bringing of a class action in the form of an Application to Institute Proceedings in damages;

APPOINT the Applicant the status of representative plaintiff of the persons included in the Class and Subclasses herein described as:

Class:

All natural persons, who at any time since July 19th, 2013 (the "**Class Period**"), while residing in the province of Quebec, had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for a Registered Education Savings Plan ("**RESP**"), and who were charged a fee (referred to as "**Enrolment Fee**", "**Sales Charge**" and/or "**Membership Fee**"), including the commissions of the distributor and its salesmen, exceeding \$200.00 per plan;

(hereinafter referred to as the “**Class**”)

Subclass 1:

All natural persons, who at any time since July 19th, 2013 (the “**Class Period**”), while residing in the province of Quebec, had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for a Registered Education Savings Plan (“**RESP**”), and who incurred the complete forfeiture of the capital and accumulated interest in their RESP because it was abandoned before its maturity;

(hereinafter referred to as “**Subclass 1**”)

Subclass 2:

All natural persons, who at any time since July 19th, 2013 (the “**Class Period**”), while residing in the province of Quebec, had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for a Registered Education Savings Plan (“**RESP**”), and whose RESP Agreement included the following clause (or similar thereto) with respect to the Sales Charges, Enrolment Fees and/or Membership Fees:

“You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid.”

(hereinafter referred to as “**Subclass 2**”)

or any other group to be determined by the Court;

IDENTIFY the principle questions of fact and law to be treated collectively as the following:

Concerning the Class:

- a) Did Defendants unlawfully overcharge more than \$200.00 per plan to Class members residing in Quebec, in violation of subsection 1.1 (7) of *Regulation no. 15*?

Concerning Subclass 1:

- b) Did Defendants violate subsection 1.1 (11) of *Regulation no. 15* when Subclass 1 members residing in Quebec incurred the complete forfeiture of their capital and accumulated interest in their plan when it was abandoned before its maturity?

Concerning Subclass 2:

- c) Is the contract entered into between Subclass 2 members and Defendants, for their RESPs, a contract of adhesion?
- d) If so, is the clause providing for Enrolment Fees, Sales Charges and/or Membership Fees in excess of \$200.00 per plan abusive under article 1437 CCQ?
- e) If so, should the abusive clause be declared null with regard to Subclass 2 members?
- f) Alternatively, should the obligations arising out of the abusive clause be reduced to \$200.00 per plan for Subclass 2 members?

Concerning the Class and all Subclasses:

- g) Are the members of the Class and Subclasses entitled to compensatory damages and, if so, in what amount?
- h) Should an injunctive remedy be ordered to force Defendants to immediately cease the practice of charging Enrolment Fees/Sales Charges in excess of \$200.00 per plan?

IDENTIFY the conclusions sought by the class action to be instituted as being the following:

GRANT Plaintiff's action against Defendants on behalf of all the members of the Class and Subclasses;

DECLARE the Defendants liable for the damages suffered by the Plaintiff and each of the members of the Class and Subclasses;

ORDER the Defendants to cease charging consumers residing in Quebec more than \$200.00 per plan in Enrolment Fees and/or Sales Charges;

CONDEMN Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation, solidarily, to pay Moshe Segalovich the amount of \$7,200.00 itemized as follows:

- Agreement #13041088: fees charged (**\$2,200**) - legal maximum (**\$200**): **\$2,000.00**
 - Agreement #13090933: fees charged (**\$2,400**) - legal maximum (**\$200**): **\$2,200.00**
 - Agreement #21333262: fees charged (**\$3,200**) - legal maximum (**\$200**): **\$3,000.00**
- **Total: \$7,200.00**

- **CONCLUSIONS FOR CLASS MEMBERS**

CONDEMN the Defendants to pay to Moshe Segalovich and to the members of the Class compensatory damages for the aggregate of the difference between the amounts charged per plan as Enrolment Fees, Sales Charges and/or Membership Fees and the legal maximum of \$200.00 per plan permissible for RESPs, and **ORDER** collective recovery of these sums;

- **CONCLUSIONS FOR SUBCLASS 1**

CONDEMN the Defendants to pay members of Subclass 1 compensatory damages for the aggregate of the amounts representing the capital and accumulated interest completely forfeited in cases where their plans were abandoned before maturity, and **ORDER** collective recovery of these sums;

ORDER the Defendants to cease distributing, selling, promoting and sponsoring RESPs that could call for the complete forfeiture of the capital and accumulated interest in cases where the plan is abandoned before its maturity;

- **CONCLUSIONS FOR SUBCLASS 2**

DECLARE abusive and null the following contract provision which appears in the Defendants' contracts of adhesion in the following, or similar terms:

"You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid."

CONDEMN the Defendants to pay members of Subclass 2 compensatory damages for the aggregate of the amounts charged in Enrolment Fees, Sales Charges and/or Membership Fees, and **ORDER** collective recovery of these sums;

SUBSIDIARILY,

DECLARE abusive the following clause which appears in the Defendants' contracts of adhesion in the following, or similar terms:

"You acknowledge that a sales charge of \$_____ (_____ units x \$200 per unit) is deducted from early contributions.

The sales charge is deducted from your contribution as follows:

All of your contributions are applied to the Sales Charge until it is one-half paid.

After that, only one half of contributions will be applied to the Sales Charge until it is fully paid."

REDUCE the obligations of Subclass 2 members arising from the abusive clause so that Subclass 2 members pay only the permissible maximum of \$200.00 per plan;

CONDEMN the Defendants to pay members of Subclass 2 compensatory damages for the aggregate difference between the amounts charged in Enrolment Fees, Sales Charges and/or Membership Fees for all Group Plans and the \$200.00 per plan permissible by law, and **ORDER** collective recovery of these sums;

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CONCLUSIONS FOR THE CLASS AND ALL SUBCLASSES

CONDEMN the Defendants to pay interest and the additional indemnity on the above sums according to law from the date of service of the *Application to Authorize a Class Action and to Appoint the Status of Representative Plaintiff*;

ORDER that the claims of individual Class and Subclass members be the object of collective liquidation if the proof permits and alternately, by individual liquidation;

ORDER the Defendants to deposit in the office of this Court the totality of the sums which forms part of the collective recovery, with interest and costs;

CONDEMN the Defendants to bear the costs of the present action including the cost of notices, the cost of management of claims and the costs of experts, if any, including the costs of experts required to establish the amount of the collective recovery orders;

RENDER any other order that this Honourable Court shall determine;

DECLARE that all members of the Class and Subclasses that have not requested their exclusion, be bound by any judgement to be rendered on the class action to be instituted in the manner provided for by the law;

FIX the delay of exclusion at thirty (30) days from the date of the publication of the notice to the members, date upon which the members of the Class and Subclasses that have not exercised their means of exclusion will be bound by any judgement to be rendered herein;

ORDER the publication of a notice to the members of the Class and Subclasses in accordance with article 579 C.C.P. within sixty (60) days from the judgement to be rendered herein in the "News" sections of the Saturday editions of LA PRESSE and the MONTREAL GAZETTE;

ORDER that said notice be published on the Defendants' various websites, Facebook pages and Twitter accounts, in a conspicuous place, with a link stating "Notice to Quebec RESP Group Plan Subscribers";

ORDER the Defendants to send an Abbreviated Notice by e-mail to each Class and Subclass member, to their last known e-mail address, with the subject line "Notice of a Class action";

RENDER any other order that this Honourable Court shall determine;

THE WHOLE with costs including publications fees.

Montreal, July 19th, 2016



LE GROUPE JURIDIQUE LPC S.A.

Attorneys for Applicant

SUMMONS
(ARTICLES 145 AND FOLLOWING C.C.P)

Filing of a judicial application

Take notice that the Applicant has filed this Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff in the office of the Superior Court in the judicial district of Montreal.

Defendant's answer

You must answer the application in writing, personally or through a lawyer, at the courthouse of Montreal situated at 1 Rue Notre-Dame E, Montréal, Quebec, H2Y 1B6, within 15 days of service of the Application or, if you have no domicile, residence or establishment in Québec, within 30 days. The answer must be notified to the Applicant's lawyer or, if the Applicant is not represented, to the Applicant.

Failure to answer

If you fail to answer within the time limit of 15 or 30 days, as applicable, a default judgement may be rendered against you without further notice and you may, according to the circumstances, be required to pay the legal costs.

Content of answer

In your answer, you must state your intention to:

- negotiate a settlement;
- propose mediation to resolve the dispute;
- defend the application and, in the cases required by the Code, cooperate with the Applicant in preparing the case protocol that is to govern the conduct of the proceeding. The protocol must be filed with the court office in the district specified above within 45 days after service of the summons or, in family matters or if you have no domicile, residence or establishment in Québec, within 3 months after service;
- propose a settlement conference.

The answer to the summons must include your contact information and, if you are represented by a lawyer, the lawyer's name and contact information.

Change of judicial district

You may ask the court to refer the originating Application to the district of your domicile or residence, or of your elected domicile or the district designated by an agreement with the plaintiff.

If the application pertains to an employment contract, consumer contract or insurance contract, or to the exercise of a hypothecary right on an immovable serving as your main residence, and if you are the employee, consumer, insured person, beneficiary of the insurance contract or hypothecary debtor, you may ask for a referral to the district of your domicile or residence or the district where the immovable is situated or the loss occurred. The request must be filed with the special clerk of the district of territorial jurisdiction after it has been notified to the other parties and to the office of the court already seized of the originating application.

Transfer of application to Small Claims Division

If you qualify to act as a plaintiff under the rules governing the recovery of small claims, you may also contact the clerk of the court to request that the application be processed according to those rules. If you make this request, the plaintiff's legal costs will not exceed those prescribed for the recovery of small claims.

Calling to a case management conference

Within 20 days after the case protocol mentioned above is filed, the court may call you to a case management conference to ensure the orderly progress of the proceeding. Failing this, the protocol is presumed to be accepted.

Exhibits supporting the application

In support of the Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff, the Applicant intends to use the following exhibits:

- Exhibit P-1:** Copy of a publication by the Canada Revenue Agency titled *Registered Education Savings Plans*;
- Exhibit P-2:** Copy of the August 2008 Report prepared for Human Resources and Social Development Canada, titled *Review of Registered Education Savings Plan Industry Practices*;
- Exhibit P-3:** Copy of the Canadian Scholarship Trust Plan Application for Y... Segalovich in the *Group Savings Plan*, signed by the Applicant on June 1st, 2006;
- Exhibit P-4:** Copy of the undated Canadian Scholarship Trust Plan Application for A... Segalovich in the *Group Savings Plan*, signed by the Applicant on June 1st, 2006, confirming 12 units and contributions in the amount \$114.00 per month;
- Exhibit P-5:** Copy of the Canadian Scholarship Trust Plan Application for I... Segalovich in the *Group Savings Plan 2001*, signed by the Applicant on February 2nd, 2009;

- Exhibit P-6:** Copy of the Canadian Scholarship Trust Plan Application for E... Segalovich in the *Group Savings Plan 2001*, signed by the Applicant on November 4th, 2013;
- Exhibit P-7:** *En liasse*, copy of three (3) letters dated November 26th, 2014, signed Mr. Pierre Bertsoulakis, Director, Operations, Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation, addressed to the Applicant, confirming the amounts for the total forfeiture for each RESP;
- Exhibit P-8:** Copy of the Formal Notice sent by Applicant on February 26th, 2015 to Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation (as well as to his Sales Representative);
- Exhibit P-9:** Copy of the letter dated March 31st, 2015, signed by Mr. Pierre Bertsoulakis, Director, Operations, Defendant C.S.T. Consultants Inc. in response to Applicant's Formal Notice, stating in bold letters "*Total Forfeiture \$7,800.00*";
- Exhibit P-10:** *En liasse*, copies of 3 checks dated April 15th, 2015, issued by C.S.T. Foundation to CIBC Securities;
- Exhibit P-11:** Copy of the email trail from May 19th to June 6th, 2016, between the Applicant and Mr. Pierre Bertsoulakis, on behalf of C.S.T. Consultants Inc;
- Exhibit P-12:** Copy of the Canadian Scholarship Trust Foundation's pre-signed *Education Savings Plan Agreement*;
- Exhibit P-13:** Copy of the news article published on the CBC's website titled "*Group RESPs: reading the fine print*" (<http://www.cbc.ca/news/canada/group-resps-reading-the-fine-print-1.975107>);
- Exhibit P-14:** Copy of Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation's prospectus for their *Group Savings Plan 2001, Individual Savings Plan and Family Savings Plan* dated October 21st, 2015;
- Exhibit P-15:** Copy of Defendants C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation's prospectus for their *Group Savings Plan 2001, Individual Savings Plan and Family Savings Plan* dated June 16th, 2008;
- Exhibit P-16:** Copy of Defendants Heritage Education Funds Inc. and Heritage Educational Fund's "Heritage Plans" prospectus dated August 7th, 2015;
- Exhibit P-17:** Copy of Defendants Universitas Management Inc. and Universitas Foundation of Canada's "Reflex Plan" prospectus dated November 30th, 2015;
- Exhibit P-18:** Copy of Defendants Children's Education Funds Inc. and Children Educational

Foundation of Canada's prospectus dated November 12th, 2015;

Exhibit P-19: Copy of Defendants Global Educational Trust Foundation and Global RESP Corporation's prospectus dated February 9th, 2015;

Exhibit P-20: Copy of Defendants Knowledge First Financial Inc. and Knowledge First Foundation's prospectus dated August 26th, 2015;

Exhibit P-21: Copy of RESP Dealers Association of Canada's *Sales Representative Proficiency Course*;

Exhibit P-22: *En liasse*, extracts of the CIDREQ for all Defendants;

These exhibits are available on request.

Notice of presentation of an application

If the application is an application in the course of a proceeding or an application under Book III, V, excepting an application in family matters mentioned in article 409, or VI of the Code, the establishment of a case protocol is not required; however, the application must be accompanied by a notice stating the date and time it is to be presented.

Montreal, July 19th, 2016



LE GROUPE JURIDIQUE LPC S.A.

Attorneys for Applicant

NOTICE OF PRESENTATION
(articles 146 and 574 al. 2 N.C.P.C.)

TO:

C.S.T. Consultants Inc.
2235 Sheppard ave. East, #1600
Toronto, Ontario, M2J 5B8
Defendant

Universitas Management Inc.
1035 Wilfrid-Pelletier ave., #500
Quebec City, Quebec, G1W 0C5
Defendant

Global RESP Corporation
100 Mural Street, #201
Richmond Hill, Ontario, L4B 1J3
Defendant

CST Foundation
2235 Sheppard ave. East, #1600
Toronto, Ontario, M2J 5B8
Defendant

Universitas Foundation of Canada
1035 Wilfrid-Pelletier ave., #500
Quebec City, Quebec, G1W 0C5,
Defendant

Global Educational Trust Foundation
100 Mural Street, #201
Richmond Hill, Ontario, L4B 1J3
Defendant

Heritage Education Funds Inc.
2005 Sheppard ave. E. Suite 700,
Toronto, Ontario, M2J 5B4
Defendant

Children's Education Funds Inc.
3221 North Service Road
Burlington, Ontario, L7N 3G2
Defendant

Knowledge First Financial Inc.
50 Burnhamthorpe rd W., #1000
Mississauga, Ontario, L5B 4A5
Defendant

Heritage Educational Foundation
2005 Sheppard ave. East, #700
Toronto, Ontario, M2J 5B4
Defendant

C.E.F. of Canada
3221 North Service Road
Burlington, Ontario, L7N 3G2
Defendant

Knowledge First Foundation
50 Burnhamthorpe rd W., #1000
Mississauga, Ontario, L5B 4A5
Defendant

TAKE NOTICE that Applicant's *Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff* will be presented before the Superior Court at **1 Rue Notre-Dame E, Montréal, Quebec, H2Y 1B6**, on the date set by the coordinator of the Class Action chamber.

GOVERN YOURSELVES ACCORDINGLY.

Montreal, July 19th, 2016



LE GROUPE JURIDIQUE LPC S.A.
Attorneys for Applicant

(Class Action)
**SUPERIOR COURT
PROVINCE OF QUEBEC, DISTRICT OF MONTREAL**

MOSHE SEGALOVICH

Applicant

-VS-

C.S.T. CONSULTANTS INC., legal person having its head office at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario, M2J 5B8 and
CANADIAN SCHOLARSHIP TRUST FOUNDATION, legal person having its head office at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario, M2J 5B8 and
HERITAGE EDUCATION FUNDS INC., legal person having its head office at 2005 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2J 5B4 and
HERITAGE EDUCATIONAL FOUNDATION, legal person having its head office at 2005 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2J 5B4 and
UNIVERSITAS MANAGEMENT INC., legal person having its head office at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City, district of Quebec, G1W 0C5 and
UNIVERSITAS FOUNDATION OF CANADA, legal person having its head office at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City, district of Quebec, G1W 0C5, and
CHILDREN'S EDUCATION FUNDS INC., legal person having its head office at 3221 North Service Road, Burlington, Ontario, L7N 3G2 and
CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA, legal person having its head office at 3221 North Service Road, Burlington, Ontario, L7N 3G2 and
GLOBAL RESP CORPORATION, legal person having its head office at 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3 and
GLOBAL EDUCATIONAL TRUST FOUNDATION, legal person having its head office at 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3 and
KNOWLEDGE FIRST FINANCIAL INC., legal person having its head office at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5 and
KNOWLEDGE FIRST FOUNDATION, legal person having its head office at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5

Defendants

**APPLICATION FOR AUTHORIZATION TO INSTITUTE A
CLASS ACTION AND TO APPOINT THE STATUS OF
REPRESENTATIVE PLAINTIFF
(ARTICLE 571 AND FOLLOWING C.C.P)**

COPY

LE GROUPE JURIDIQUE LPC S.A.

AVOCATS - ATTORNEYS

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