

CANADA

PROVINCE OF QUÉBEC  
District of Montréal

SUPERIOR COURT  
(Class Action)

File No.: 500-06-000932-182

**QING WANG**

Applicant

vs.

**C.S.T. CONSULTANTS INC.**

and

**CANADIAN SCHOLARSHIP TRUST  
FOUNDATION**

and

**HERITAGE EDUCATION FUNDS INC.**

and

**HERITAGE EDUCATIONAL FOUNDATION**

and

**KALEIDO GROWTH INC.**

and

**KALEIDO FOUNDATION**

and

**CHILDREN'S EDUCATION FUNDS INC.**

and

**CHILDREN'S EDUCATIONAL FOUNDATION  
OF CANADA**

and

**GLOBAL RESP CORPORATION**

and

**GLOBAL EDUCATIONAL TRUST  
FOUNDATION**

and

**KNOWLEDGE FIRST FINANCIAL INC.  
(personally and in continuance of  
proceedings for HERITAGE EDUCATION  
FUNDS INC.)**

and

**KNOWLEDGE FIRST FOUNDATION**

Respondents

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**APPLICATION OF THE RESPONDENTS C.S.T. CONSULTANTS INC.  
AND CANADIAN SCHOLARSHIP TRUST FOUNDATION  
FOR LEAVE TO ADDUCE RELEVANT EVIDENCE  
(Article 574 (3) C.C.P.)**

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TO THE HONOURABLE MARTIN F. SHEEHAN J.S.C., APPOINTED CASE MANAGEMENT JUDGE IN THIS CLASS ACTION, RESPONDENTS C.S.T. CONSULTANTS INC. AND CANADIAN SCHOLARSHIP TRUST FOUNDATION (“CST”) RESPECTFULLY SUBMIT THE FOLLOWING:

**A. Overview and Facts**

1. On June 15, 2018, Mr. Qing Wang (the “**Applicant**”) filed his *Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff* against twelve defendants, including CST;
2. On June 26, 2020, the Applicant filed his *Amended Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff* (the “**Amended Application**”), which featured substantive changes and new exhibits;
3. As per the *Amended Application*, the Applicant now seeks to represent the following class and subclass:

**Class:**

All persons residing in Quebec who, at any time since July 19th, 2013 (the “**Class Period**”), 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:**

All persons residing in Quebec: (1) who at any time since June 15th, 2015 (the “**Subclass Period**”), had a contract with any of the Defendants in which they were a subscriber and/or contributor (either primary or joint) for an RESP, (2) who cancelled their RESP as of that date and (3) lost more than 20% of their contributions on account of Enrolment Fees, Sales Charges or Membership Fees;

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

or any other group or subgroups to be determined by the Court;<sup>1</sup>

4. Applicant and his spouse signed up for group RESPs with CST for their two children, Haiyuan and Xuyuan Wang. Applicant signed standard form contracts with CST and agreed to make monthly contributions towards these RESPs;

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<sup>1</sup> *Amended Application*, para. 1.

5. Pursuant to the RESP contract, Applicant incurred a Sales charge of \$200 for each group RESP unit to which he subscribed, totalling the following:
  - First RESP (Haiyuan Wang): \$6,525.50 (32.626 units);
  - Second RESP (Xuyuan Wang): \$5,194.80 (25.974 units);
6. In October 2016, Applicant decided to terminate the group RESP plans he subscribed to with CST and transfer the capital to a different institution;
7. In November 2016, CST sent Applicant two letters advising him that, pursuant to the terms of his two RESP contracts, account termination would entail the loss of all Sales charges paid to date;

**B. Causes of Action Alleged**

8. The Applicant's proposed class action rests on two main causes of action:
  - (i) First, Sales charges in excess of \$200 per group RESP plan contravene sub-sections 1.1 (7) and 1.1 (11) of *Regulation No. 15 respecting Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*<sup>2</sup> ("**Regulation 15**") issued by the Autorité des marchés financiers ("**AMF**");
  - (ii) Second, and alternatively, these Sales charges constitute abusive clauses under article 1437 of the *Civil Code of Québec*;
9. The Applicant claims that, consequently, Defendants must reimburse class members for all RESP Sales charges paid in excess of \$200 per plan, plus interest;

**C. CST's Proposed Relevant Evidence**

***(i) RESP Prospectuses Submitted by CST to the AMF***

10. Each year, CST is required to file a prospectus with the AMF disclosing the terms of its RESP plans to ensure compliance with securities regulations and obtain the AMF's approval;
11. Applicant alleges that CST's prospectuses falsely represent that its group RESP Sales charges of \$200 per unit do comply with Regulation 15. In support of these allegations, the Applicant submitted the English version of CST's 2014 and 2015 prospectuses as Exhibits P-3 and P-11;
12. CST seeks to submit bilingual copies of the prospectuses it submitted to the AMF for years 2013 to 2017, the whole filed herewith as **Exhibits CST-1A to CST-1E**, English and French versions *en liasse*;

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<sup>2</sup> c.V-1.1, r. 44.

13. These prospectuses are necessary and relevant for the Court to have a complete picture of CST's continuous representations for the period preceding and covered by the Applicant's contractual relationship with CST;

**(ii) Receipts Issued by the Securities Regulator**

14. Relatedly, CST seeks to adduce the receipts issued by the Ontario Securities Commission from 2013-2017 (which in this case also apply in Québec), filed herewith as **Exhibits CST-2A to CST-2E**;
15. These receipts show that the securities regulator approved each of CST's above-referenced prospectuses. CST submits that such information is crucial for the Court's assessment of CST's compliance with securities regulations and directly challenges the Applicant's allegations that CST has violated them;

**(iii) RESP Plan Summaries**

16. In addition to the prospectuses, CST sent and made available to investors Plan Summaries in which it outlined the key features and terms of its RESP plans, including several warnings and reminders about Sales charges. Applicant submitted CST's RESP Plan Summary for 2014 as Exhibit P-14;
17. CST seeks leave to submit the Plan Summaries for years 2013 to 2017, the whole filed herewith as **Exhibits CST-3A to CST-3E**, in their English and French versions *en liasse*;
18. These Plan Summaries are necessary and relevant for the Court to properly evaluate Applicant's allegations that CST's RESP fees were abusive, and show that they were properly disclosed to investors, including the Applicant;

**(iv) Client Relationship Disclosure Documents**

19. Relatedly, CST is required to deliver a Relationship Disclosure Information document to clients at the point of sale;
20. CST seeks leave to adduce a copy of the Relationship Disclosure Information documents it provided clients for years 2013 to 2017 as **Exhibits CST-4A to CAS-4E**, in their English and French versions *en liasse*;
21. Since these documents mention and warn clients about Sales Charges, CST submits that they will be relevant and useful to the Court in determining whether the Applicant has made an arguable case at the authorization stage;

**(v) Applicant's 2016 Annual RESP Statement**

22. The Applicant invoked and filed his 2015 Annual RESP Statement as Exhibit P-17, and the two RESP statements he received upon closing his two RESP accounts in 2017 as Exhibits P-19 and P-24;

23. CST seeks to adduce a copy of the Annual RESP Statement remitted to the Applicant for the year 2016, filed herewith as **Exhibits CST-5**;
24. This document would complete the Applicant's own evidence regarding his RESP accounts, their evolution and related Sales charges, which is relevant and necessary for the Court to determine whether the Applicant has demonstrated an arguable case;

**(vi) The AMF's Internal Review of Applicant's Complaint**

25. As part of the evidence in support of his *Amended Application*, the Applicant filed a letter dated August 25, 2017 as Exhibit P-27. He received it from CST in response to his own complaint letter;
26. Accordingly, CST seeks to adduce a copy of Applicant's said complaint letter dated July 13, 2017, filed herewith as **Exhibit CST-6**;
27. CST's response mentions "*if you are dissatisfied with our examination of your complaint or the outcome of this examination, you can request your file to be transferred to the [AMF] within a year of receipt of this response*" (Exhibit P-27);
28. CST seeks to introduce evidence in relation to these AMF proceedings, namely a letter from the AMF dated December 14, 2018, which states that the complaint filed by Applicant and Qingqing Lu was closed, filed herewith as **Exhibit CST-7**;
29. This document would complete the Applicant's own evidence and inform this Court on the AMF's own position on the legality of the impugned RESP Sales charges to determine whether the Applicant has demonstrated an arguable case;

**(vii) Applicant's Signed Application Form**

30. As part of his *Amended Application*, the Applicant filed an unsigned copy of his application form for the RESP Plans as Exhibit P-13;
31. In order to complete the Applicant's own evidence and demonstrate his consent to the terms of the RESP Plans, CST seeks to adduce the signed copy of the Applicant's application form as **Exhibit CST-8**;

**D. Conclusion**

32. CST's proposed relevant evidence detailed in this application is essential to provide this Court with a full and clear picture of the Applicant's personal cause of action and proposed class action, and will be useful for the Court in assessing the arguable case test pursuant to paragraph 575 (2) CCP;
33. The present application is well founded in fact and law;

**FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:**

- A.** **GRANT** the present *Application of the Respondents C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation for Leave to Adduce Relevant Evidence*;
- B.** **ALLOW** Respondents C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation to file Exhibits **CST-1A, CST-1B, CST-1C, CST-1D, CST-1E, CST-2A, CST-2B, CST-2C, CST-2D, CST-2E, CST-3A, CST-3B, CST-3C, CST-3D, CST-3E, CST-4A, CST-4B, CST-4C, CST-4D, CST-4E, CST-5, CST-6, CST-7, CST-8**;
- C.** **THE WHOLE** with costs to follow.

Montréal, September 18, 2020

*Borden Ladner Gervais*

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**Borden Ladner Gervais LLP**  
Lawyers for Respondents C.S.T.  
Consultants Inc. and Canadian Scholarship  
Trust Foundation

## NOTICE OF PRESENTATION

TO:

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*Attorneys for Respondents Heritage Educational Foundation, Children's Education Funds Inc., Children's Educational Foundation of Canada, Knowledge First Financial Inc. and Knowledge First Foundation*

**TAKE NOTICE** that the *Application of the Respondents C.S.T. Consultants Inc. and Canadian Scholarship Trust Foundation for leave to adduce evidence* attached hereto will be presented for adjudication before the Honourable Justice Riordan of the Superior Court of Québec at a time and in a room yet to be determined, at the Montreal Courthouse located at 1, Notre-Dame Street East, Montreal, Quebec.

**PLEASE ACT ACCORDINGLY.**

Montréal, September 18, 2020



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**Borden Ladner Gervais LLP**  
Lawyers for Respondents C.S.T.  
Consultants Inc. and Canadian Scholarship  
Trust Foundation

## LIST OF EXHIBITS

<b>EXHIBIT CST-1A</b>	CST Detailed Plan Disclosure Prospectus dated July 22, 2013
<b>EXHIBIT CST-1B</b>	CST Detailed Plan Disclosure Prospectus dated May 22, 2014
<b>EXHIBIT CST-1C</b>	CST Detailed Plan Disclosure Prospectus dated May 25, 2015
<b>EXHIBIT CST-1D</b>	CST Detailed Plan Disclosure Prospectus dated May 9, 2016
<b>EXHIBIT CST-1E</b>	CST Detailed Plan Disclosure Prospectus dated May 9, 2017
<b>EXHIBIT CST-2A</b>	Ontario Securities Commission receipt for SEDAR project # 2058233, 2058236 & 2058227 dated July 26, 2013
<b>EXHIBIT CST-2B</b>	Ontario Securities Commission receipt for SEDAR project # 2180169, 2180176 & 2180188 dated June 6, 2014
<b>EXHIBIT CST-2C</b>	Ontario Securities Commission receipt for SEDAR project # 2320534, 2320531 & 2320533 dated May 29, 2015
<b>EXHIBIT CST-2D</b>	Ontario Securities Commission receipt for SEDAR project # 2454460, 2454466 & 2454469 dated May 13, 2016
<b>EXHIBIT CST-2E</b>	Ontario Securities Commission Receipt for SEDAR project # 2596418, 2596415 & 2596417 dated May 11, 2017
<b>EXHIBIT CST-3A</b>	CST Plan Summary: Group Savings Plan 2001, dated July 22, 2013
<b>EXHIBIT CST-3B</b>	CST Plan Summary: Group Savings Plan 2001, dated May 29, 2014
<b>EXHIBIT CST-3C</b>	CST Plan Summary: Group Savings Plan 2001, dated May 25, 2015
<b>EXHIBIT CST-3D</b>	CST Plan Summary: Group Savings Plan 2001, dated May 9, 2016
<b>EXHIBIT CST-3E</b>	CST Plan Summary: Group Savings Plan 2001, dated May 9, 2017
<b>EXHIBIT CST-4A</b>	Relationship Disclosure Information document 2013
<b>EXHIBIT CST-4B</b>	Relationship Disclosure Information document 2014
<b>EXHIBIT CST-4C</b>	Relationship Disclosure Information document 2015
<b>EXHIBIT CST-4D</b>	Relationship Disclosure Information document 2016
<b>EXHIBIT CST-4E</b>	Relationship Disclosure Information document 2017
<b>EXHIBIT CST-5</b>	2016 Annual RESP Statement of Qingqing Lu and Qing Wang



- EXHIBIT CST-6** Copy of the complaint letter dated July 13, 2017 sent by the Applicant to CST
- EXHIBIT CST-7** AMF Letter to CST dated December 14, 2018
- EXHIBIT CST-8** Applicant's Signed Application Form (Exhibit P-13)

Montréal, September 18, 2020

*Borden Ladner Gervais*

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**Borden Ladner Gervais LLP**  
Lawyers for Respondents C.S.T.  
Consultants Inc. and Canadian Scholarship  
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DISTRICT OF MONTRÉAL  
No.: **500-06-000932-182**

**QING WANG**

Applicant

vs.

**C.S.T. CONSULTANTS INC.**  
-and-  
**CANADIAN SCHOLARSHIP TRUST  
FOUNDATION**

**ET ALS.**

Respondents

**APPLICATION OF THE RESPONDENTS C.S.T.  
CONSULTANTS INC. AND CANADIAN  
SCHOLARSHIP TRUST FOUNDATION  
FOR LEAVE TO ADDUCE RELEVANT  
EVIDENCE (Article 574 (3) C.C.P.)  
AND EXHIBITS CST-1A TO CST-8**

ORIGINAL

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