



Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

**KSV RESTRUCTURING INC.
in its capacity as court-appointed receiver and manager of
PRODUCTIVITY MEDIA INC. and
PRODUCTIVITY MEDIA INCOME FUND I LP,
and not in its personal capacity**

Plaintiff

and

**ANDREW DAVID CHANG-SANG, MYRON LLC, DECS LIMITED, and DECS
TRUST by its trustee, DECS LIMITED**

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiffs' lawyer or, where the plaintiffs do not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE

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IF YOU PAY THE PLAINTIFF'S CLAIM, and \$2,000.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$1,000.00 for costs and have the costs assessed by the court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date: February 7, 2025

Issued by:

Local Registrar

Address of 330 University Avenue, 9th Floor
Court Office: Toronto, ON M5G 1R7

TO: ANDREW DAVID CHANG-SANG
Calle de Dinamarca 1
Benalmádena, Málaga, Spain
29630

AND TO: MYRON LLC
c/o Lighthouse Trust Nevis Ltd.
A.L. Evelyn Ltd. Building
Suite 1, P.O. Box 258
Main Street, Charlestown, Nevis
Federation of Saint Christopher and Nevis

AND TO: DECS Limited
c/o Lighthouse Trust Nevis Ltd.
A.L. Evelyn Ltd. Building
Suite 1, P.O. Box 258
Main Street, Charlestown, Nevis
Federation of Saint Christopher and Nevis

AND TO: DECS Trust, by its trustee, DECS Limited
c/o Lighthouse Trust Nevis Ltd.
A.L. Evelyn Ltd. Building
Suite 1, P.O. Box 258
Main Street, Charlestown, Nevis
Federation of Saint Christopher and Nevis

CLAIM

1. The Plaintiff claims against the Defendants, Andrew David Chang-Sang, Myron LLC, DECS Limited, and DECS Trust, by its trustee, DECS Limited:
 - a) damages and/or restitution for unjust enrichment and knowing receipt in the amount of \$1,810,000 USD in relation to funds misappropriated by William Santor from Productivity Media Income Fund I LP and/or Productivity Media Inc. that were used to purchase real property located at Calle de Dinamarca 1, Benalmádena, Málaga, Spain;
 - b) damages and/or restitution for unjust enrichment and knowing receipt in the amount of \$1,200,000 USD in relation to overpayment from Productivity Media Inc. resulting from the misstatement of Productivity Media Inc.'s assets under management and Productivity Media Income Fund I LP's net asset value and closing fees paid to Productivity Media Inc. for loans premised on fraudulent misrepresentations as part of the Fraudulent Scheme (defined and described below) perpetrated by William Santor;
 - c) an accounting of all funds, assets, and property of any kind had and received from the Fraudulent Scheme perpetrated by William Santor;
 - d) a declaration that the Plaintiff possesses an equitable interest in the assets, property (real and personal), and interests of the Defendants, including but not limited to the real property located at Calle de Dinamarca 1, Benalmádena, Málaga, Spain, on the basis of a constructive, resulting, implied, and/or express trust;
 - e) an equitable tracing of the proceeds misappropriated by William Santor as part of the Fraudulent Scheme from Productivity Media Income Fund I LP and Productivity Media Inc. into the assets, property, and interests of the Defendants and/or others;

- f) a declaration that any conveyance of real property or personal property from Andrew David Chang-Sang to Myron LLC or from Andrew David Chang-Sang or Myron LLC to DECS Limited or DECS Trust, including but not limited to any transfer of the proceeds of the Fraudulent Scheme, the Spanish Property, or the Overpayment (each as defined and described below) is fraudulent and void as against the Plaintiff;
- g) pre-judgment and post-judgment interest at the rates prescribed under the *Courts of Justice Act*, RSO 1990, c C.43, as amended;
- h) costs of this action on a full indemnity basis, or such other basis as this Honourable Court deems just; and
- i) such further and other relief as this Honourable Court deems just.

A. The Parties

2. Productivity Media Inc. (**PMI**), is an Ontario corporation, incorporated under the Ontario *Business Corporations Act*, RSO 1990, c B.16, on January 17, 2012. PMI is the general partner of Productivity Media Income Fund I LP. At all material times, PMI carried on business in Ontario. From January 2012 to November 2023, it maintained its registered office in Oakville, Ontario. From November 2023 onward, PMI's registered office has been in Burlington, Ontario.

3. Productivity Media Income Fund I LP (the **Fund**), was formed and organized under the Ontario *Limited Partnerships Act*, RSO 1990, c L.16, on February 29, 2012. At all material times, the Fund carried on business in Ontario. From January 2012 to November 2023, it maintained its primary place of business in Oakville, Ontario. From November 2023 onward, the Fund's principal place of business has been in Burlington, Ontario.

4. The Plaintiff, KSV Restructuring Inc., is the receiver and manager over the business and affairs of PMI and the Fund (collectively **Productivity Media**) pursuant to the Order of Justice Conway dated November 19, 2024.

5. The primary business of Productivity Media is to provide senior secured debt financing for independent film and television productions in Canada, the United States, the United Kingdom, the Cayman Islands, and other locations around the world.

6. Productivity Media had three co-founders (the **Co-Founders**), who at all material times were PMI's only shareholders and directors: William Gregory Santor (**Mr. Santor**), the Defendant, Andrew David Chang-Sang (**Mr. Chang-Sang**), and John Hills (**Mr. Hills**).

7. The Defendant, Mr. Chang-Sang, is an individual ordinarily resident in Spain. He is a Canadian citizen and was a resident of Oakville, Ontario, until he moved to the United Kingdom in or around August 2014. Mr. Chang-Sang moved to Benalmádena, Málaga, Spain in or around October 2017, where he continues to reside. While Mr. Chang-Sang has resided overseas since approximately August 2014, at all material times he continued to carry on business in the Province of Ontario as President and CFO of Productivity Media.

8. The relationship between PMI and Mr. Chang-Sang in his role as an officer of the company is governed by an employment agreement that was amended on January 1, 2014 (the **Employment Agreement**). The parties agreed to the Employment Agreement agreed that it shall be governed by and its provisions construed and enforced in accordance with the internal laws of the Province of Ontario without reference to its principles regarding conflicts of law.

9. The Defendant, Myron LLC, is a limited liability company that was incorporated in the Federation of Saint Christopher and Nevis, also known as Saint Kitts and Nevis, on January 11, 2023. Its head office is located at Lighthouse Trust Nevis Ltd. in Suite 1 of the A.L. Evelyn Ltd.

Building on Main Street in Charlestown, Nevis. At all material times, Myron LLC has been controlled by Mr. Chang-Sang, who holds and exercises power of attorney with respect to the corporation.

10. The Defendant, DECS Limited is an international business company that was incorporated in the Federation of Saint Christopher and Nevis, also known as Saint Kitts and Nevis, on January 18, 2023. Its head office is located at Lighthouse Trust Nevis Ltd. in Suite 1 of the A.L. Evelyn Ltd. Building on Main Street in Charlestown, Nevis. As detailed below, DECS Limited is the trustee of a trust created by Mr. Chang-Sang on May 8, 2023, of which Mr. Chang-Sang is the settlor and protector.

11. The Defendant, DECS Trust, by its trustee, DECS Limited, is a discretionary irrevocable trust settled by Mr. Chang-Sang in Nevis on May 8, 2023, as detailed below. Mr. Chang-Sang appointed DECS Limited as trustee and himself as protector. DECS Trust is governed by the law of Nevis, but the parties agreed that the High Court of St. Christopher and Nevis and its superior courts shall not have exclusive jurisdiction over any disputes which may arise out of the trust agreement.

B. Mr. Santor's Fraudulent Scheme

12. As defined and particularized in the Statement of Claim issued by the Plaintiff against Mr. Santor and others in Court File No. CV-24-0073806-00CL, Mr. Santor perpetrated a "**Fraudulent Scheme**" against Productivity Media, whereby Mr. Santor misappropriated at least \$44,448,871, which Fraudulent Scheme continues to be investigated.

13. As detailed below, at least \$1,810,000 USD of the proceeds from Mr. Santor's Fraudulent Scheme were given by Mr. Santor to Mr. Chang-Sang for the purpose of purchasing the property in Spain in which Mr. Chang-Sang and his family reside.

14. As also detailed below, closing fees paid to PMI on false pretenses as part of the Fraudulent Scheme has had the effect of overcompensating Mr. Chang-Sang in his roles as director, officer, and shareholder of PMI.

C. The Creation of Myron LLC

15. In or about January 2023, Mr. Chang-Sang directed Lighthouse Trust Nevis Ltd. to incorporate a new limited liability company in St. Kitts and Nevis pursuant to the *Nevis Limited Liability Company Ordinance, 2017*. The company was incorporated on January 11, 2023. It was named “Myron LLC” and assigned the company number L 21889.

16. The stated purpose of Myron LLC was:

- (a) to be the corporate entity through which Mr. Chang-Sang would flow his earnings from Productivity Media and other business ventures; and
- (b) to own and manage various real and personal property for the benefit of Mr. Chang-Sang, including shares in other companies and the house that Mr. Chang-Sang planned to purchase in Spain.

17. The registered agent appointed for Myron LLC was Lighthouse Trust Nevis Ltd., located at Suite 1, A.L. Evelyn Ltd. Building, P.O. Box 258, Main Street, Charlestown, Nevis. This was also made the registered office and administrative office of Myron LLC.

18. While Mr. Chang-Sang nominated Manuel Jose Barrachina de la Serna, a Spanish citizen resident in Panama City, Panama, and affiliated with Lighthouse Trust Nevis Ltd. (**Mr. de la Serna**), to be the sole registered director and shareholder of Myron LLC, from the outset Mr. Chang-Sang has been Myron LLC’s sole ultimate beneficial owner.

19. Mr. Chang-Sang was the only individual provided with banking access for Myron LLC and was granted power of attorney by the corporation.

D. The Creation of DECS Limited

20. In or about January 2023, Mr. Chang-Sang directed Lighthouse Trust Nevis Ltd. to incorporate a new international business company in the Federation of Saint Christopher and Nevis pursuant to the *Nevis Business Corporation Ordinance, 2017*. The company was incorporated on January 18, 2023. It was named “DECS Limited” and assigned the company number C 55249.

21. The stated purpose of DECS Limited was to serve as the private trustee of the trust that Mr. Chang-Sang planned to create to hold property he had or would acquire, with his children and wife designated as the trust’s beneficiaries.

22. The registered agent appointed for DECS Limited was Lighthouse Trust Nevis Ltd., located at Suite 1, A.L. Evelyn Ltd. Building, P.O. Box 258, Main Street, Charlestown, Nevis. This was also made the registered office and administrative office of DECS Limited.

23. While Mr. Chang-Sang nominated Mr. de la Serna to be the sole registered director and shareholder of DECS Limited, from the outset Mr. Chang-Sang has been DECS Limited’s sole ultimate beneficial owner.

E. The Purchase of the Spanish Property

24. On or about March 9, 2023, Mr. Chang-Sang entered into an agreement to purchase real property located at Calle de Dinamarca 1, Benalmádena, Málaga, Spain, and legally described as:

Urbana. - Parcela de terreno situada en la Hacienda de Torrequebrada, en el término municipal de Benalmádena; según Catastro Calle Dinamarca 1. Tiene una superficie de mil novecientos veintiséis metros sesenta y siete decímetros cuadrados según Registro de la Propiedad y de mil quinientos diez metros según P.G.O.U. como consecuencia de la urbanización de dicho sector. Sobre dicha parcela de ha construido la siguiente edificación: **VIVIENDA UNIFAMILIAR AISLADA**, con una ocupación en proyección en planta de doscientos noventa y tres metros con cincuenta y tres decímetros cuadrados y construida habitable cerrada de trescientos cincuenta y ocho metros con sesenta y cuatro decímetros cuadrados. Las demás características descriptivas se dan por reproducidas por ser perfectamente conocidas por ambas partes.

Inscripción: Inscrita en el Registro de la Propiedad de Benalmádena número, al Tomo 1632, Libro 1062, folio 103, finca nº 2/51708.

Referencia Catastral: 1701222UF6510S0001MF.

CARGAS: Libre de cargas, gravámenes y arrendatarios.

(the **Spanish Property**)

25. Mr. Chang-Sang entered into the purchase and sale agreement as attorney of Myron LLC, which was to be the sole owner of the Spanish Property.

26. The total agreed-upon purchase price for the Spanish Property was €1,500,000, consisting of:

- (a) An initial deposit of €10,000 paid on January 5, 2023;
- (b) A second payment of €150,000; and
- (c) A final payment of €1,340,000 payable on closing.

27. The sale of the Spanish Property closed in late March 2023. Mr. Chang-Sang and his family moved into the Spanish Property around that time. The Spanish Property continues to be Mr. Chang-Sang' family residence.

28. As detailed below, Mr. Chang-Sang and Myron LLC purchased the Spanish Property using funds misappropriated from Productivity Media by Mr. Santor as part of the Fraudulent Scheme.

29. The Defendants have been enriched by these misappropriated funds to the corresponding detriment of the Plaintiff, without juristic reason.

30. The Defendants also knew or ought to have known that the funds used to purchase the Spanish Property were the fruits of fraud, or alternatively, took those benefits while either reckless or wilfully blind with respect to the source of the funds, or alternatively, with constructive knowledge of their fraudulent nature.

31. Further, Mr. Chang-Sang caused the Spanish Property to be purchased in the name of Myron LLC – effectively transferring the misappropriated funds that Mr. Chang-Sang received from Mr. Santor to Myron LLC – for the purpose, at least in part, of hindering, delaying, or defeating Productivity Media in recovering those misappropriated funds.

F. The Funds Used to Purchase the Spanish Property

32. As part of the Fraudulent Scheme, on November 24, 2021, Mr. Santor induced Productivity Media to enter into Borrowing Certificate #13 with 8397830 Canada Inc., a corporation that Mr. Santor controlled, that was purportedly doing business as “Joker Media.” In connection with Borrowing Certificate #13, \$5,640,000 USD (the **Joker 13 Funds**) was wired from the Fund's account at the Bank of Montreal to 8397830 Canada Inc.'s account at the National Bank of Canada (**NBC**).

33. Contrary to representations made to Productivity Media by Mr. Santor as part of the Fraudulent Scheme that the Joker 13 Funds would be paid into a secure “growth account” until a later period of time, on November 25, 2021, Mr. Santor directed NBC to wire \$3,539,052.41 USD to the trust account of a law firm in the Cayman Islands to complete the purchase of a parcel of land on Grand Cayman legally described as West Bay Beach South, Block 5C, Parcel 77 (the **Cayman Islands Property**).

34. On November 25, 2021, NBC followed Mr. Santor’s instructions and \$3,539,052.41 USD of the Joker 13 Funds were wired to purchase the Cayman Islands Property, the ownership of which was registered in Mr. Santor’s own name.

35. On December 3, 2022, Mr. Santor entered into an agreement to sell the Cayman Islands Property in exchange for one of the two-bedroom condominium units to be built upon the land by the purchaser, plus payment of \$4,000,000 USD, consisting of:

- (a) An initial deposit of \$1,000 USD;
- (b) An additional deposit of \$199,000 USD by December 9, 2022; and
- (c) The \$3,800,000 USD upon completion.

36. The proceeds of the sale of the Cayman Island Property were deposited into the account of Erbschaft Capital Corp., a Cayman Islands corporation controlled by Mr. Santor (**Erbschaft**), at CIBC FirstCaribbean International Bank (**CIBC**) in George Town, Grand Cayman.

37. On January 24, 2023, following the payment of the combined \$200,000 USD deposit, but prior to closing of the sale of the Cayman Islands Property, Mr. Santor directed CIBC to wire \$160,000 USD from Erbschaft’s account to Cambridge Mercantile Corp UK Ltd., to be used by Mr. Chang-Sang for the purchase of the Spanish Property.

38. On February 9, 2023, immediately following receipt by Erbschaft of the remainder of the proceeds from the sale of the Cayman Islands Property, Mr. Santor directed CIBC to wire \$1,650,000 USD from Erbschaft's account to Cambridge Mercantile Corp. UK Ltd., to be used by Mr. Chang-Sang to purchase the Spanish Property.

39. Cambridge Mercantile Corp. UK Ltd. is a United Kingdom corporation that is a subsidiary of Corpay, an international business payments and expense management company (collectively **Corpay**). Among other services, Corpay offers its customers currency conversion services.

40. At Mr. Chang-Sang's direction, Corpay converted the combined \$1,810,000 USD that it received from Erbschaft (collectively the **Erbschaft Funds**) from US dollars into Euros. Corpay kept the Erbschaft Funds in a holding account for Mr. Chang-Sang.

41. At the time the Erbschaft Funds were wired to Corpay to enable Mr. Chang-Sang and Myron LLC to purchase the Spanish Property, the Defendants knew or ought to have known that the Erbschaft Funds were the fruits of fraud, or alternatively, accepted the Erbschaft Funds while either reckless or wilfully blind with respect to the source of the funds, or alternatively, with constructive knowledge of their fraudulent nature.

42. On March 1, 2023, Mr. Chang-Sang directed Corpay to wire €150,000 from the Erbschaft Funds to Mr. Chang-Sang's lawyer in Spain so the money could be used for the second payment owing towards the purchase of the Spanish Home.

43. On March 2, 2023, Corpay wired the €150,000 to Mr. Chang-Sang's lawyer as directed, and the funds were applied towards the purchase of the Spanish Home.

44. On March 20, 2023, Mr. Chang-Sang directed Corpay to release the remainder of the Erbschaft Funds to Mr. Chang-Sang's lawyer in Spain so the money could be used to complete the purchase of the Spanish Home.

45. On March 21, 2023, Corpay wired the remaining €1,518,654.45 that it had on account to Mr. Chang-Sang's lawyer as directed. The majority of those funds were applied by Mr. Chang-Sang's lawyer to complete the purchase of the Spanish Home, with the balance, after paying legal fees and other costs of purchasing the Spanish Property, paid out to Mr. Chang-Sang or another of the Defendants.

G. Formation of the Trust Agreement Between Mr. Chang-Sang and DECS Limited

46. On or about May 8, 2023, Mr. Chang-Sang entered into the trust agreement that settled the DECS Trust in St. Kitts and Nevis (the **Trust Agreement**). The Trust Agreement named DECS Limited as trustee, Mr. Chang-Sang as settlor and protector, and Mr. Chang-Sang's children and wife as the DECS Trust's beneficiaries.

47. The Trust Agreement established a "Trust Fund," which included:

- (a) 100% membership interest in Myron LLC;
- (b) Full legal ownership of the Spanish Property;
- (c) Any assets added at any time by way of further settlement; and
- (d) All capital accretions, investments, reinvestments, income (accrued or unaccrued), accumulations of income, proceeds or other property from time to time representing or derived from the assets referred to in subparagraphs (a) to (c).

48. Mr. Chang-Sang established the DECS Trust, at least in part, for the purpose of hindering, delaying, or defeating Productivity Media in recovering from Mr. Chang-Sang and Myron LLC proceeds paid to them from the Fraudulent Scheme and the Overpayment (defined and described below).

H. Overpayment Based on Misstatement of Assets Under Management

49. In or around May 2013, the Co-Founders of Productivity Media agreed between themselves that their compensation as PMI's executives would be calculated based on the value of PMI's assets under management (**AUM**).

50. On January 1, 2014, Mr. Chang-Sang's employment agreement with PMI was amended to state that his remuneration would consist of:

- (a) A base salary based on PMI's AUM "as fully deployed from time to time" in accordance with the following grid:

AUM	Salary
\$0 - \$49M	\$150,000
\$50M - \$99M	\$175,000
\$100M - \$149M	\$200,000
\$150M - \$199M	\$250,000
\$200M+	\$300,000

- (b) An annual bonus at the discretion of PMI in the amount of up to 50% of base salary, half of which would be based on the employee's individual performance requirements, and half based upon the performance of PMI as a company; and
- (c) An additional performance bonus equal to 5% of net revenues, after expenses, before taxes, received by PMI from the Fund.

51. On or about May 5, 2022, Mr. Santor, Mr. Chang-Sang, and Mr. Hills agreed to an "Updated Partners Salary Grid," which continued to be based on PMI's AUM. The updated salary grid was as follows:

AUM		JBH & ACS	WGS
From	To	Salary (USD)	Salary (USD)
\$200M	\$249M	\$400,000	\$475,000
\$250M	\$299M	\$450,000	\$525,000

\$300M	\$349M	\$500,000	\$575,000
\$350M	\$399M	\$550,000	\$625,000
\$400M	\$449M	\$600,000	\$675,000
\$450M	\$500M	\$650,000	\$725,000

52. The \$100 million or more in fraudulent loans instigated by Mr. Santor and/or his co-conspirator(s) through the Fraudulent Scheme artificially increased Mr. Chang-Sang's compensation in several ways, including:

- (a) The fraudulent loans and the reported net asset value (**NAV**) of the Fund based thereon made it appear that the Fund was much more successful than it was, inducing investors to contribute further capital and/or leave capital in the Fund that otherwise would have been invested elsewhere, thereby increasing the AUM on which Mr. Chang-Sang's compensation was calculated;
- (b) The making of the fraudulent loans caused it to appear that more assets were "fully deployed from time to time," artificially increasing the AUM for the purposes of calculating PMI executive compensation when in fact the fraudulent loans were being diverted for other purposes and portions of new loans were being used to make purported "repayments" of older loans;
- (c) Each fraudulent loan resulted in the Fund paying substantial closing fees to PMI, converting capital contributed by investors directly into revenue for PMI and increasing the bonuses and dividends payable to PMI's management, including Mr. Chang Sang;
- (d) Such further and other particulars as may be proven at the trial of this Action.

53. On June 28, 2024, based on information provided to Apex by Mr. Chang-Sang, Mr. Hills, and Mr. Santor, Apex calculated the NAV of the Fund as \$291,821,057.15 in a Valuation Detail report that was to be released to the Fund's investors.

54. On July 10, 2024, as Productivity Media's President and Chief Financial Officer, Mr. Chang-Sang reviewed and signed that Valuation Detail report, approving Apex's NAV calculation.

55. Productivity Media's investigation following the receipt of the Whistleblower Report on August 20, 2024, revealed that the actual estimated realizable value of the Fund's outstanding loans was less than one-tenth of the June 28, 2024 NAV calculation approved by Mr. Chang-Sang.

56. The Plaintiff pleads that, in addition to the impact of the approximately \$100 million in fraudulent loans that Mr. Santor and/or his co-conspirator(s) induced Productivity Media to make through the Fraudulent Scheme, the value of the loans that Productivity Media made to legitimate film and television projects were routinely and materially overestimated.

57. As Productivity Media's President and Chief Financial Officer, a certified accountant in both Canada and the United States, and a key member of Productivity Media's Investment Committee, Mr. Chang-Sang knew or ought to have known that the NAV calculations being reported to the Fund's limited partners each month did not accurately reflect the NAV of the Fund or the AUM of PMI.

58. Further, as an executive, director, and shareholder of PMI, Mr. Chang-Sang has financially benefitted from closing fees paid by the Fund on account of numerous fraudulent loans, artificially increasing the bonuses and/or dividends paid to Mr. Chang-Sang by PMI.

59. While the exact amount will be proven at trial, the Plaintiff pleads that Mr. Chang-Sang has been overcompensated in the amount of at least \$1.2 million USD (the **Overpayment**) as a result of improper closing fees and the repeated and prolonged overstatement of the Fund's NAV and PMI's AUM.

I. Unjust Enrichment

60. As set out above, the Defendants have benefitted from proceeds of the Fraudulent Scheme perpetrated by Mr. Santor and from the Overpayment to the corresponding deprivation of Productivity Media, without juristic reason.

61. As detailed above, the Spanish Property in which Mr. Chang-Sang resides, of which Myron LLC is the registered owner, and which is held in trust by DECS Limited, was purchased using the Erbschaft Funds, which were the proceeds of the sale of the Cayman Islands Property, which was purchased using the Joker 13 Funds misappropriated from Productivity Media through the Fraudulent Scheme. The benefit that the Defendants received to enable them to purchase the Spanish Property came at the direct expense of the Plaintiff. There is no legal justification for the Defendants to retain that enrichment.

62. Similarly, as detailed above, Mr. Chang-Sang has received significant Overpayment as a result of the routine and prolonged misstatement of PMI's AUM and unearned closing fees paid by the Fund to PMI as a result of the Fraudulent Scheme. This Overpayment directly deprived the Plaintiff of significant funds. There is no legal justification for Mr. Chang-Sang to retain that enrichment, nor for Myron LLC or DECS Limited to do so to the extent that Mr. Chang-Sang has passed any of the Overpayment on to either of those Defendants.

63. The Plaintiff is entitled to restitution of the Erbschaft Funds, the Overpayment, and any other proceeds of the Fraudulent Scheme that have been received by the Defendants.

J. Constructive Trust

64. The Defendants received all or part of the Erbschaft Funds, the Overpayment, other proceeds of the Fraudulent Scheme, or assets acquired thereby, with knowledge, actual or

constructive, of the Fraudulent Scheme and the misstatement of PMI's AUM. They hold all such funds or assets as constructive trustees for the benefit of the Plaintiff.

65. Without limiting the generality of the foregoing, the Defendants hold their assets, property, and interests in trust for the benefit of the Plaintiff and are liable to the Plaintiff for repayment and disgorgement. The Plaintiff claims a constructive trust over all real and personal property purchased, maintained, improved, or acquired by any of the Defendants with the Overpayment or proceeds of the Fraudulent Scheme perpetrated by Mr. Santor, including the Erbschaft Funds, including but not limited to the Spanish Property, and such further and other property as may be identified in advance of or at the trial of this action.

K. Breach of Trust and Knowing Receipt

66. As particularized above, the Defendants hold the Overpayment and any proceeds of the Fraudulent Scheme, including the Erbschaft Funds, or any assets acquired, maintained, or improved thereby, in a constructive trust, and the failure to return such funds or assets amounts to a breach of trust.

67. Further, or in the alternative, the Defendants received benefits as a result of the Fraudulent Scheme and knew or ought to have known that the funds were the fruits of fraud, or alternatively, took those benefits while either reckless or wilfully blind with respect to the source of the funds, or alternatively, with constructive knowledge of their fraudulent nature.

L. Fraudulent Conveyances

68. The Plaintiff pleads that Andrew Chang-Sang created Myron LLC, DECS Limited, and the DECS Trust, at least in part, for the purpose of conveying real and/or personal property to those entities for the purpose of defeating, hindering, delaying, or defrauding Productivity Media or

others of their just and lawful actions, suits, debts, accounts, damages, penalties or forfeitures, all of which such conveyances are fraudulent and void as against the Plaintiff.

69. In this regard, the Plaintiff pleads and relies upon the provisions of the *Fraudulent Conveyances Act*, RSO 1990, c F.29 (the **CFA**).

70. Without limiting the generality of the foregoing, Mr. Chang-Sang, through the transaction to purchase the Spanish Property in the name of Myron LLC, fraudulently conveyed the Erbschaft Funds that were the proceeds of Mr. Santor's Fraudulent Scheme to Myron LLC contrary to the *CFA*, which fraudulently conveyed funds can be traced into the Spanish Property and other real or personal property acquired, maintained, or improved using the Erbschaft Funds, all of which conveyances were fraudulent and are void as against the Plaintiff.

71. Further, without limiting the generality of the foregoing, in settling the DECS Trust in May 2023 and in making further settlements under the Trust Agreement since that time, Mr. Chang-Sang and/or Myron LLC have fraudulently conveyed real or personal property to the DECS Trust and DECS Limited contrary to the *CFA*, including but not limited to legal ownership of the Spanish Property, 100% of the membership interest in Myron LLC, and funds received by Mr. Chang-Sang as part of the Overpayment, all of which conveyances were fraudulent and are void as against the Plaintiff.

M. Loss or Damage Caused by the Defendants

72. As a result of the unlawful actions set out above, the Defendants are jointly and severally liable to the Plaintiff in the amount of at least \$3,010,000 USD, consisting of:

- (a) \$1,810,000 USD in relation to the Erbschaft Funds used to purchase the Spanish Property;

- (b) \$1,200,000 USD in relation to the Overpayment;
- (c) Interest on those amounts from the time of each payment out of Productivity Media at the rates prescribed under the *Courts of Justice Act*, RSO 1990, c C.43;
- (d) All costs, fees, and expenses relating to the detection, investigation of, and quantification of losses resulting from the payment to the Defendants of proceeds of the Fraudulent Scheme and of the Overpayment, and of the fraudulent conveyance of those funds, on a full indemnity basis; and
- (e) Such further or other amounts as may be proven at the trial of this action.

73. The Defendants are jointly and severally liable to the Fund to make restitution to it respecting the loss or damages described above, and to disgorge all proceeds and benefits received by them as a result of the Fraudulent Scheme or the Overpayment.

N. No Leave Required to Serve the Claim Outside Ontario

74. This Statement of Claim may be served outside of Ontario without leave of the Court based on subrules 17.02 (f), (g), and (p) of the *Rules of Civil Procedure*, RRO 1990, Reg 194.

75. In particular, as detailed above, the Plaintiff's claims are:

- (a) In respect of a Limited Partnership Agreement and an Employment Agreement that were made in Ontario, breached in Ontario, and which the parties agreed would be governed by and construed and enforced in accordance with the laws of Ontario;
- (b) In respect of torts committed in Ontario; and

(c) Against persons ordinarily carrying on business in Ontario.

76. The Plaintiff proposes that the trial of the action take place in the City of Toronto.

February 7, 2025

PALIARE ROLAND ROSENBERG LLP
155 Wellington St. W., 35th Floor
Toronto, ON M5V 3H1

Jeffrey Larry (LSO# 44608D)

Tel: 416.646.4330

jeff.larry@paliareroland.com

Daniel Rosenbluth (LSO #71044U)

Tel: 416.646.6307

daniel.rosenbluth@paliareroland.com

Lawyers for the Plaintiff

Court File No.

**KSV RESTRUCTURING INC. in its capacity as court-appointed receiver
and manager of PRODUCTIVITY MEDIA INC. and PRODUCTIVITY MEDIA
INCOME FUND I LP, and not in its personal capacity**

and

ANDREW DAVID CHANG-SANG ET AL

Plaintiff

Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

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Daniel Rosenbluth (LSO #71044U)

Tel: 416.646.6307
daniel.rosenbluth@paliareroland.com

Lawyers for the Plaintiff