

BRIDGEMARK GROUP SECURITIES LITIGATION
BELEAVE INC. SETTLEMENT DISTRIBUTION PROTOCOL

This Distribution Protocol should be read in conjunction with the attached Guide, and the settlement agreement dated July 31, 2020 that appears as Schedule B to the Court's [December 14, 2020 order](#) in *Tietz et al. v. BridgeMark Financial Corp. et al.*, BCSC Action No. S-197731 (the "**Action**") approving the settlement (the "**Settlement Approval Order**").

1. The terms **Class Member**, **Court**, **Settlement**, **Settlement Agreement**, and **Settling Defendants**, as used herein, are defined in Part II of the Settlement Agreement, and they also apply to and are incorporated herein. In addition, the following definitions apply herein:

- a. "**Acquisition Expense**" means the total amount paid by a Claimant, including brokerage commissions, to acquire Eligible Beleave Shares;
- b. "**Administration Expenses**" means all fees, disbursements, expenses, costs, taxes and other amounts reasonably incurred and payable in relation to the implementation and administration of the Settlement, including fees, disbursements and taxes, if any, paid to the Administrator, costs incurred by the Administrator for printing and delivering notice, establishing and maintaining an online claims portal, and any other expenses of the Administrator approved by the Court to be paid from the Settlement Fund;
- c. "**Administrator**" means Analytics Consulting LLC, or other administrator appointed by the Court, the third-party professional firm, including its employees, appointed by the Court to administer the Settlement in accordance with the Settlement Administration Plan and this Distribution Protocol;
- d. "**Authorized Claimant**" means a Claimant who has submitted a completed

Claim which has been approved for compensation by the Administrator pursuant to the terms of this Distribution Protocol;

- e. **"Beleave"** means Beleave Inc.;
- f. **"Beleave Class Member"** means a person who purchased common shares in Beleave during the Beleave Class Period;
- g. **"Beleave Class Period"** means April 24, 2018, to November 26, 2018, inclusive;
- h. **"Claim"** means a completed claim, including all required supporting documents, submitted through the Administrators' electronic claims portal, which constitutes a Claimant's claim for compensation from the Net Settlement Fund;
- i. **"Claimant"** means a Beleave Class Member who acquired Eligible Beleave Shares and submits a properly completed Claim to the Administrator, on or before the Claims Bar Deadline;
- j. **"Claims Bar Deadline"** means 90 days after the order approving this Distribution Protocol becomes a final Order, the date by which Claimants must submit a Claim and all required supporting documentation to the Administrator;
- k. **"Class Counsel"** means Bennett Mounteer LLP and Camp Fiorante Matthews Mogeran LLP;
- l. **"Class Counsel Fees"** means the fees, disbursements, costs, interest, and other applicable taxes or charges of Class Counsel, as approved by the Court;
- m. **"CSE"** means the Canadian Securities Exchange;
- n. **"Disposition Proceeds"** means the total proceeds paid to a Claimant,

without deducting any commissions paid in respect of dispositions, in consideration of the sale of all Eligible Beleave Shares; provided, however, that with respect to Eligible Beleave Shares that a Claimant continued to hold at the close of trading on the CSE on August 5, 2020, they will be deemed to have been disposed of for \$0.10 per share, being the split adjusted ten (10) trading day volume weighted average closing price of Beleave shares on the CSE following November 26, 2018;

- o. **“Eligible Beleave Shares”** means Beleave common shares purchased during the Class Period;
- p. **“FIFO”** means the principle of “first-in first-out”, under which securities are deemed to be sold in the same order that they were purchased (i.e. the first shares purchased are deemed to be the first shares sold);
- q. **“Litigation Holdback”** means the amount of \$240,000, or such other amount as may be approved by the Court, to be held in trust by Class Counsel for litigation expenses approved by the Court;
- r. **“Net Loss”** means that the Claimant’s total Disposition Proceeds for all Eligible Beleave Shares are less than the Claimant’s total Acquisition Expense for all Eligible Beleave Shares;
- s. **“Net Settlement Fund”** means the Settlement Fund after payment of Administration Expenses, Class Counsel Fees, and the Litigation Holdback and includes the after-tax amount of accrued interest income, if any, earned on the Settlement Fund;
- t. **“Notional Entitlement”** means an Authorized Claimant’s damages as calculated pursuant to the formulae set forth in paragraph 23 herein, which forms the basis upon which each Authorized Claimant’s *pro rata* share of the Net Settlement Fund is determined;

- u. “OTCQX” means the US based over-the-counter decentralized market; and
- v. “**Settlement Fund**” means the amount of \$2,400,000 held by Class Counsel in trust pursuant to the Settlement Approval Order.

I. OBJECTIVE

2. The objective of this Distribution Protocol is to distribute the Net Settlement Funds among Authorized Claimants equitably, efficiently, and in a manner proportionate to the amount of the Net Settlement Fund.

II. ELIGIBILITY TO CLAIM COMPENSATION

3. All Beleave Class Members are eligible to claim compensation for the losses suffered from their acquisition of Eligible Beleave Shares, in an amount to be determined in accordance with this Distribution Protocol.

4. Class Members who are not Beleave Class Members are not eligible to claim compensation from the Settlement Fund. These Class Members will benefit from the Settlement both from the cooperation the Settling Defendants will provide to Class Counsel in the continued prosecution of the Action against the remaining Defendants and from the payment of Class Counsel’s litigation expenses to date from the Settlement Fund and the Litigation Holdback for payment of future litigation expenses.

III. MAKING A CLAIM

5. In order to claim compensation from the Settlement Fund, Beleave Class Members must complete a Claim by the Claims Bar Deadline.

6. Claims received by the Administrator after the Claims Bar Deadline will not be considered by the Administrator and no payment will be made from the Settlement Fund in respect of such Claims, unless otherwise ordered by the Court.

IV. OPTING-OUT

7. Beleave Class Members who do not wish to participate in or be bound by the Settlement may opt-out of the Settlement and the Action by notifying Class Counsel in writing, no later than the Claims Bar Deadline, to mm@hbmlaw.com, that they wish to opt-out of the Settlement and the Action.

8. An opt-out notification must contain:

- a. a statement of intention to opt-out of the Action by the Beleave Class Member or a person authorized to bind the Beleave Class Member; and
- b. contact information for the Beleave Class Member, including name, address, telephone number and e-mail address.

An opt-out notification that does not contain all of the required information will not be valid.

9. Beleave Class Members who deliver an opt-out notification in accordance with this Distribution Protocol will not be entitled to receive compensation from the Settlement Fund or any further settlement with or judgment that may be obtained against the Non-Settling Defendants in the Action in the future.

10. Class Members who are not Beleave Class Members are not entitled to opt-out of the Settlement and are not entitled to opt-out of the Action at this time.

V. CLAIMS VERIFICATION

11. The Administrator will review each Claim and verify that the Claimant is eligible for compensation from the Net Settlement Fund, as follows:

- a. For a Claimant claiming as a Class Member, the Administrator will be satisfied that the Claimant is a Class Member who acquired Eligible Beleave Shares;

- b. For a Claimant claiming on behalf of a Class Member or a Class Member's estate, the Administrator will be satisfied that:
- i. the Claimant has authority to act on behalf of the Class Member or the Class Member's estate in respect of financial affairs;
 - ii. the person or estate on whose behalf the claim was submitted was a Class Member who acquired Eligible Beleave Shares; and
 - iii. the Claimant has provided all supporting documentation required to make a Claim, or alternative supporting documentation as may be acceptable to the Administrator.

12. In a situation not referred to above, the Administrator will determine verification steps by analogy, in consultation with Class Counsel where the Administrator believes necessary.

13. The Administrator will ensure that Claims are made only in respect of Eligible Beleave Shares.

VI. CLAIMS PROCESSING RULES

14. The Administrator will apply FIFO to determine purchase transactions that correspond to the sale of Eligible Beleave Shares, including in the calculation of an Authorized Claimant's Notional Entitlement.

15. The Administrator will first determine whether a Claimant has a Net Loss. A Claimant is not eligible to receive a payment from the Net Settlement Fund if they do not have a Net Loss.

16. If the Claimant has a Net Loss, they become an Authorized Claimant, and the Administrator will go on to calculate their Notional Entitlement.

17. Eligible Beleave Shares transferred between accounts belonging to the same

Claimant(s) during the Class Period will not be considered Eligible Beleave Shares for the purpose of calculating Net Loss unless those shares were initially purchased by the Claimant(s) during the Class Period. In such cases, the Acquisition Expense will be calculated based on the price initially paid for the Eligible Beleave Shares (i.e., the price paid before the transfer of Eligible Beleave Shares occurred).

18. The date of a purchase or sale will be the trade date of the transaction, as opposed to the settlement date of the transaction or the payment date.

19. The Administrator will account for Beleave's November 6, 2018, seven-for-one (7:1) stock split, such that Claimants' holdings for the purposes of the calculations are completed in units equivalent to those traded during the Class Period.

20. Where a Claimant acquired Eligible Beleave Shares in connection with his, her or its acquisition of Beleave units in its November 6, 2018, private placement, the Acquisition Expense for those Eligible Beleave Shares will be equivalent to the total amount the Claimant paid to acquire the Beleave units.¹

21. Where a Claimant acquired Eligible Beleave Shares from the exercise of Beleave share purchase warrants, the Acquisition Expense for the Eligible Beleave Shares so acquired will be equivalent to the total amount paid to exercise the share purchase warrants.

22. In determining whether a Claimant has a Net Loss and calculating an Authorized Claimant's Notional Entitlement, any transactions in Eligible Beleave Shares on the OTCQX and/or in a currency other than Canadian currency will be converted to Canadian currency, based on the Bank of Canada noon exchange rate between the Canadian dollar and the foreign currency on the date the Administrator calculates the Notional Entitlement of the Authorized Claimant. All Notional Entitlements will be

¹ Under the November 2018 private placement, each Unit comprised one common share and one common share purchase warrant.

recorded in Canadian currency.

VII. CALCULATION OF NOTIONAL ENTITLEMENT

23. An Authorized Claimant's Notional Entitlement will be calculated as follows:

- a. **For Eligible Beleave Shares disposed of either during the Class Period or during the ten (10) trading day period following November 26, 2018, that is, disposed of from April 24, 2018 to December 10, 2018, inclusive**, the amount equal to the number of Eligible Beleave Shares disposed of, multiplied by the difference between the Acquisition Expense and the Disposition Proceeds;
- b. **For Eligible Beleave Shares disposed between the close of trading on December 10, 2018 and May 3, 2019**, the lesser of (i) and (ii) below:
 - (i) the amount equal to the number of Eligible Beleave Shares disposed of, multiplied by the difference between the Acquisition Expense and the Disposition Proceeds; and
 - (ii) the amount equal to the number of Eligible Beleave Shares disposed of, multiplied by the difference between the Acquisition Expense and \$0.10 per share, being the split adjusted ten (10) trading day volume weighted average closing price of Beleave shares on the CSE from November 27, 2018, to December 10, 2018; and
- c. **For Eligible Beleave Shares still held at the close of trading on the CSE on May 3, 2019**, the amount equal to the number of Eligible Beleave Shares then held, multiplied by the difference between the Acquisition Expense and \$0.10 per share, being the split adjusted ten

(10) trading day volume weighted average closing price of Beleave shares on the CSE from November 27, 2018, to December 10, 2018;

24. In no case will the Administrator recognize a Notional Entitlement greater than a Claimant's Acquisition Expense. As such, if the operation of the formulae set out above results in a Claimant having a Notional Entitlement greater than their Acquisition Expense, the Administrator will reduce the Claimant's Notional Entitlement to an amount equal to their Acquisition Expense.

VIII. FINAL DISTRIBUTION

25. Each Authorized Claimant's **actual compensation will be the portion of the Net Settlement Funds equivalent to the ratio of his, her or its Notional Entitlement to the total Notional Entitlements of all Authorized Claimants multiplied by the Net Settlement Fund**, as calculated by the Administrator.

26. Compensation will be paid to Authorized Claimants in Canadian currency.

27. If, one hundred and eighty (180) days from the date on which the Administrator distributes the Net Settlement Fund to Authorized Claimants, there remains a positive balance in the Net Settlement Fund (whether due to tax refunds, uncashed cheques, or otherwise), the Administrator will, if feasible, reallocate such balance among the Authorized Claimants in an equitable and economic fashion. Any payment shall be subject to para. 41.

28. By agreement between the Administrator and Class Counsel, any deadline contained in this Distribution Protocol may be extended. Class Counsel and the Administrator will agree to extend a deadline(s) if, in their opinions, doing so will not adversely affect the efficient administration of the Settlement and it is in the best interests of the Class to do so.

IX. COMPLETION OF CLAIMS

29. If, for any reason, a Claimant is unable to complete a Claim, then it may be completed by the Claimant's personal representative or a member of the Claimant's family.

X. IRREGULAR & FRAUDULENT CLAIMS

30. The claims process is intended to be expeditious, cost effective and user friendly to minimize the burden on Claimants. The claims process is also intended to prevent fraud and abuse. The Administrator will, in the absence of reasonable grounds to the contrary, assume Claimants to be acting honestly and in good faith.

31. Where a Claim contains minor omissions or errors, the Administrator will correct such omissions or errors if the information necessary to do so is readily available to the Administrator.

32. If, after reviewing a Claim, the Administrator believes that it contains unintentional errors that would, if not corrected, materially exaggerate a Claimant's Notional Entitlement, then the Administrator may disallow the claim in its entirety or make such adjustments as are necessary so that an appropriate, supportable Notional Entitlement is awarded to the Claimant.

33. If the Administrator believes that a claim is fraudulent or contains intentional errors that would materially exaggerate the Notional Entitlement to be awarded to a Claimant, then the Administrator must disallow the claim in its entirety.

XI. RECONSIDERATION

34. Where the Administrator disallows a claim in its entirety, whether due to unintentional errors, intentional errors or fraud (“Disallowance Decision”), the Administrator will send to the Claimant, at the email or postal address provided by the Claimant, a notice advising the Claimant that he or she may request the Administrator to reconsider the Disallowance Decision (“Request for Reconsideration of Disallowance”).

35. A Request for Reconsideration of Disallowance must be received by the Administrator within 45 days of the date of the notice advising of the Disallowance Decision. If no Request for Reconsideration of Disallowance is received within this time, the Claimant shall be deemed to have accepted the Disallowance Decision and the Disallowance Decision will be final.

36. Where a Claimant files with the Administrator a Request for Reconsideration of Disallowance, the Administrator will advise Class Counsel of the request and conduct a review of it. Following its review, the Administrator will advise the Claimant and Class Counsel of its decision on the Request for Reconsideration of Disallowance.

37. Whether the Administrator maintains, varies or reverses a Disallowance Decision, the Administrator will send the Claimant, at the email or postal address provided by the Claimant, a notice specifying the decision.

38. The Administrator’s decision on a Request for Reconsideration of Disallowance is final and will not be subject to further review by the Administrator.

39. A Claimant may appeal to the Court from any part of the Administrator’s decision on a Request for Reconsideration of Disallowance. Any such appeal should be commenced by way of an application made in the Action [*Tietz et al. v. BridgeMark Financial Corp. et al.*, BCSC Action No. S-197731, on notice to Class Counsel, and not more

than 30 days after the delivery of the Administrator's decision referred to in paragraph 37.

40. A Claimant is not entitled to a review by the Administrator where a Claim is allowed but the Claimant disputes the determination of their Notional Entitlement and/or *pro rata* entitlement under this Distribution Protocol.

41. Any matter not contemplated above will be determined by analogy by the Administrator in consultation with Class Counsel.

XII. ADDITIONAL RULES

42. The Administrator will not make payments to Authorized Claimants whose *pro rata* entitlement under this Distribution Protocol is less than CDN \$30.00. Such amounts will instead be allocated *pro rata* to other Authorized Claimants in accordance with the "Final Distribution" section of this Distribution Protocol.

43. A Claimant must notify the Administrator of any changes to his, her or its email and postal address that are provided by the Claimant at the time of Claim submission. The Administrator is not required to independently obtain forwarding email or postal address information should a Claimant fail to notify the Administrator of any such change.

44. The Administrator will make payment to an Authorized Claimant by cheque to the address provided by the Authorized Claimant. If, for any reason, an Authorized Claimant does not cash a cheque within one hundred and eighty (180) days after the date on which the cheque was sent to the Authorized Claimant, the Authorized Claimant will forfeit the right to payment from the Net Settlement Fund and the Authorized Claimant's funds shall be distributed in accordance with the "Final Distribution" section of this Distribution Protocol.

