



## MEMORANDUM

**DATE:** September 12, 2017  
**TO:** Jim Riley  
File  
**FROM:** Naomi M. Lutes  
**RE:** CATALYST - Meeting with Derrick Snowdy

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### SOLICITOR-CLIENT PRIVILEGED

Attendees: Jim Riley, Naomi Lutes, John Phillips, Derrick Snowdy  
Location: John Phillips' office

The following is a typed version of my handwritten notes taken during the meeting. I have made some edits/ additions to my original notes for clarity.

- \* Snowdy apologized for being a bit late and said he had been at another meeting [NML note – quite certain I saw him get out of a convertible driven by another man on Toronto Street at the corner. He went into the building before me. I remember wondering whether that was the PI in question and when he came into the boardroom, I recognized him. So query whether he was lying]
- \* Reminder about invocation of joint interest privilege over previous meeting and this meeting
- \* Snowdy expressed the view that his meeting with our PIs did not go well and was confusing
- \* Jim provided some brief background about the short attacks on Callidus
- \* Snowdy was nodding, saying it's all related. He began to name names quickly, such as Allon, Keiper, Peter Aubrey, Andy Defrancesco
  
- \* Snowdy advised that in May / June he tried to extract himself from the cabal as he was becoming too complicit in other things
- \* He was able to get some specific trading data and information before extricating himself
- \* He is still copies on various emails, including emails with counsel
- \* He mentioned that there were two law firms. Mentioned Faskens. Then he moved onto another topic
- \* Advised that the cabal use different lawyers for different issues
- \* Callidus/ Catalyst first came up in February
- \* Danny [client X] had said, with respect to the cabal, that he was thinking of reaching out to Newton, and asked whether Snowdy was able to re-insert himself [this is presumably in and after February 2017]
- \* Snowdy responded "yes, they are always bugging me about stuff, but it won't help you with Concordia"
- \* Snowdy has a longstanding relationship with Danny's other companies and has been successful in getting substantial jail sentences for individuals who had targeted these companies
- \* The cabal is cyclic [in its operation] – it will lay the ground work and then come back to it [a company] in a few months

- \* Snowdy mentioned not being able to talk further about something due to a conflict with our [GHW] former client [n.b. do not believe there is any legal conflict]
- \* In September 2015, Danny showed Snowdy trading patterns [for Concordia] and social media postings and said it looked like a short and distort
- \* In response, Snowdy said that he had a client (Carson Block) who knew Marc Cohodes
- \* Snowdy had assisted Block with Sinoforest stuff
- \* At the time, Cohodes had about 2000 [twitter] followers
- \* Looked like naked shorting to Snowdy
- \* Around this time [we are still in or about Sept. 2015], Snowdy was coincidentally due to attend a part at Block's place in San Francisco, so he wondered whether he might run into Cohodes there
- \* Snowdy had a conversation with Danny in October, 2015, in which Danny asked him to figure out the relationships [between the parties involved] and who was acting in concert
- \* Roddy Boyd, a former reporter, runs SIRF, the Southern Investigative Reporting Foundation.
- \* Boyd wrote a book about AIG collapse
- \* Boyd was tied into Jim Chador [ph?] and Jim Kram
- \* Snowdy was introduced to Block through Andrew Leff (ph) who he met through one of Brian's former clients [not sure who he means – before my time possibly] associated with stocklemon.com
- \* Snowdy had conducted research [for Stock lemon? Unclear if he meant that or is talking about SIRF]
  
- \* Block introduced Snowdy to Boyd
- \* Snowdy advised Boyd that he had information about financial impropriety
- \* Boyd came to Toronto in relation to that story
- \* In Toronto, Snowdy introduced Boyd to relevant people
- \* Purpose of all this, from Snowdy's perspective, was to establish relationships
- \* Boyd advised that he was friends with Cohodes
- \* Matt Thompson of Concordia was planning to sue Cohodes for defamation
- \* Boyd offered to introduced Snowdy to Cohodes
  
- \* Around this time, Snowdy continued to look into alternate explanations other than naked shorting of Concordia
- \* Later on it was discovered that Thompon had leveraged his stock [overleveraged?]
- \* But this still did not account for the volume
- \* So they [i.e. with Danny and John] obtained a Pharmacal Norwich order
- \* The order is sealed
- \* In furtherance of their own [Danny] investigation, they brought in tech experts to analyze the twitter accounts and the relationships between the accounts
- \* Twitter will not release data for investigation purposes so they actually paid twitter for its data claiming it was for marketing purposes [did not know you could do this]
- \* They got 6 months of data
- \* Spent months crunching the data
- \* Saw the same pattern as we/ Jim has seen
- \* At the time, they [Danny et al] were looking for a link between the groups of accounts
- \* One night, Cohodes/ the cabal screwed up and all the accounts tweeted the same thing at the same time about a telecom company in Sweden – this was the link that they had been looking for
- \* There is also a network of journalists who are twitter followers of Cohodes or Jim Kramer

- \* Now in late 2016
- \* Snowdy returned to California and Boyd introduced him to Cohodes [this is after, sequentially, when Boyd came to Toronto]
- \* Snowdy went to Cohodes' house for a BBQ
- \* [in response to the question – why would Cohodes trust you and meet with you, he explained that before this meeting] Snowdy had given Boyd some intel that he could use and had pitched himself as someone who was a wildcard.
- \* This was based on information about “they” [unknown] having written a SIRF report on a large company and seeing a resulting price drop
- \* When he got to Cohodes' house, Cohodes left him alone with his son, who has cerebral palsy. Snowdy figured that this was a test to see how he would interact with his son. Sure enough, when Cohodes returned to the room, he asked his son how things had been and what they had discussed
- \* During the meeting, Cohodes shared information about what he was working on. He mentioned a “Mountie” who was an Inspector. Snowdy coincidentally knew him as well – Henry So (ph)
- \* [this seemed off topic] Snowdy had also provided information to Ontario's Auditor General about the relationship between CN and Metrolinx that made its way into the Auditor General's November report. The information Snowdy provided had come to him from a police officer
- \* Boyd did his report
- \* During recorded conversations with Boyd, Boyd says what objective is – it is to write stories to cause the shareholders not to liquidate their positions per se, but to reduce their holdings
- \* As long as you can drive the market down before things like stop losses kick in, you can get some panic selling
- \* Then you step in with another hit to drive it down more, repeat
- \* Snowdy played one of his recordings for Danny, and it confirmed everything that they thought was happening
- \* Jim asked if there was any relationship between the short selling and information that the OSC had
- \* Snowdy took a very long pause [very long particularly because everything else had been rapid fire] said: short answer, yes
- \* This is on the enforcement side of things at the OSC
- \* Has seen a lot of panic from both the OSC and JSOT about why they can't warn companies before shorts happen
- \* [n.b. to myself – don't think he understood question]
- \* Jim gave example of the continuous disclosure review process and the timing of issues arising from that before anything is public – asked whether there was any connection to this aspect of the OSC
- \* Snowdy said that yes this is happening, and there is a tape of a conversation which occurred earlier this morning, about engaging another securities commission to promote that a certain company was under investigation
- \* [again think he's talking more about utilizing fact of a complaint/ investigation than things arising from continuous disclosure review process]
- \* Back to the fall of 2016 at Cohodes' house

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- \* Cohodes said "I'd like you to do some stuff for me" and everyone loves you [Snowdy]
- \* Cohodes thought that the companies [that he targeted] were in fact bad and hiding things, therefore he did not feel badly about what he was doing
- \* Snowdy advises that Cohodes is a megalomaniac and a massive narcissist
- \* Cohodes wanted to do four whistleblower reports on four companies and told Snowdy that this was the plan.
- \* Cohodes' "guys" in Canada are at Anson – Sonny and Spears – they see Cohodes as their boss
- \* "they" [the cabal?] wanted Snowdy to work out of Anson's offices
- \* From there Snowdy got connected to Greg Bloand and Roland Keiper
- \* Sarah Anderson and Penny Walker at GMP – these names also came up
- \* Snowdy had a further conversation with Anson guys and they agreed that Snowdy would set up a scheme to generate non-public information. Snowdy would set up websites to solicit insider information and then cultivate an independent report based on this insider information and feed it to the media
  
- \* At this point, Snowdy had already met with IMET, OSC, IIROC in relation to Concordia
- \* Snowdy was introduced to Charlie Grant at the WSJ, someone at Bloomberg, and another reporter through Cohodes
- \* He was introduced to these journalists specifically because they advise Cohodes when they publish their stories and in exchange, Cohodes feeds them good information and has done so for years
- \* Copeland is also one of them – his name came up in the twitter analysis
- \* [at this point Snowdy advises he will send us a copy of the social media analysis]
- \* Snowdy things that Copeland was on one of the calls with Charlie Grant
- \* [Snowdy will send us the clip of the call during which Boyd explains the plan]
  
- \* December 2016
- \* Snowdy met the Anton guys
- \* Plans to file whistle-blower complaints against Home Capital, Fortress, Jackpot Joy, Concordia
- \* The complaints were to include information which Snowdy had provided to Cohodes
- \* The technique was to use the whistleblower process to legitimize [the criticism of the companies and shorting]
- \* Leading up to Cohodes' appointment with the OSC, Snowdy was told by Cohodes that there was a guy inside the OSC and the two of them fed each other information back and forth – Albert Pelletier
- \* [Albert Pelletier is now counsel at the LSUC]
- \* Snowdy tipped off IMET about this issue and apparently "certain restrictions" were put in place [about the flow of information in the OSC presumably]
- \* Cohodes was in town for an examination for discovery in relation to the defamation suit and had his meeting to make whistleblower complaints on the same day
- \* Cohodes phoned Snowdy right after his meeting, saying that the RCMP weren't able to meet with him but he met Albert at the coffee shop [Second Cup in the Eaton Centre I assume] because Albert said that he was not permitted to discuss Concordia in the building
- \* Cohodes then emailed Snowdy about his meeting with Albert
- \* Snowdy then called Steve Frazer (RCMP IMET) to advise that Pelletier had left the building to meet with Cohodes – seems he had been told not to
- \* According to Snowdy, Frazer then freaked out and said that was a huge problem
- \* An hour later, Cohodes called Snowdy to tell him that he had mentioned Snowdy's name to Pelletier, in response to Pelletier asking who else knew that they had planned to meet, and Pelletier said that Snowdy

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- was dangerous and lethal and toxic etc. Cohodes questioned this and asked about Snowdy having given information to the RCMP. Snowdy attempted to brush this
- \* [n.b. this seems slightly different than what John Philips had previously told us about Snowdy getting burned and Cohodes finding out he was providing information – Snowdy seems to be downplaying and claiming that Cohodes accepted his explanation completely]
  - \* After this call with Cohodes, Snowdy called Steve Frazer and said “go tell Albert to shut the fuck up because Albert just named me by name.” Snowdy says that at this, the RCMP lost their mind
  - \* According to Snowdy, Pelletier then got dragged into a room and left the building about a half hour later
  - \* This was in the same time frame as Home Capital
  - \* Cohodes was freaking out that he could not get a hold of the mounties to meet with them
  - \* Snowdy deflected this by bringing up Greg Gard, formerly of the OSC, who Snowdy had caught fabricating evidence, and that this is why there was bad blood between him and the OSC because Snowdy blew up the OSC investigation by leaking it as retaliation. Gard and Pelletier had worked closely together.
  - \* Cohodes seemed to accept this and decided they needed to change course
- Then, using all this intel John Philips [on behalf of Danny] went to the OSC and did his own whistleblower complaint and also complained to the Minister of Finance
- \* Snowdy says the Minister of Finance confirmed wrongdoing by Pelletier in a letter to them [we have seen this letter and it doesn't quite say that]
  - \* All of this is now repeating itself at the OSC now
  - \* Cohodes sees Canadians as completely backwards and unsophisticated and with ineffective regulators
- Feb. 2017
- \* Spears (at Anson) asked Snowdy to come in to discuss new ideas
  - \* (Anson located at 155 University Ave)
  - \* Snowdy claims that during this period, he was railing against the OSC and independent counsel was brought in
  - \* Catalyst/ Callidus names never came up until February and not through Cohodes but first through Anson
- Snowdy was at a meeting in December at Goldman Sachs in NY and in this meeting was Ed Berkowski (sp?) of Concordia
- \* Snowdy was aware of what Concordia's Q4 results were going to be
- Back to February 2017
- \* Cohodes wanted to reevaluate Snowdy's role and said that Spears had something for him
  - \* Told Snowdy to go meet with him and Sonny at Anson
  - \* Snowdy went to a meeting at Anson alone and Spears said “what do you know about Newton Glassman?”
  - \* Spears said that Glassman had made himself a target and that someone at Canaccord [Bruce?] had come to them with information
  - \* Canaccord had a source
  - \* Canaccord is friends with Greg
  - \* Spears said to Snowdy: “do you think we can get a fraud complaint filed and work it up?” they were looking to Snowdy for inside intel and to help with this
  - \* Andrew Lebynsky (ph) at GMP was also getting information from Langstaff
  - \* [Anson] asked Snowdy to come up with a plan to infiltrate Callidus/ Catalyst and get dirt or develop sources
  - \* It was clear to Snowdy that Anson had been directed to commence this attack

- \* Boland, Keiper and guys at K2 were also going to be involved
- \* [another digression] The OSC didn't want Pelletier charged because he was in charge of the Home Capital prosecution
- \* Snowdy took the Q4 results for Concordia which he had, altered the numbers slightly and fed them to Cohodes. He took the numbers and two days before they were public, shorted the stock
- \* Snowdy advised OSC/ IMET that this was going to happen
- \* [John then cut him off]
- \* March 5, 2017
- \* March 5 there was a follow up meeting with Spears which Snowdy recorded
- \* At this meeting, Snowdy brought up Newton but Spears had become very paranoid and did not want to talk so on tape you will hear him say that they've changed course and aren't interested in that. But at the same time, he wrote a note on a piece of paper to Snowdy saying – meet next door
- \* Spears said there was a relationship between Steve Muzzo and Newton re the Storage Vault business
- \* Spears at this same meeting gave Snowdy a USB key containing information about cannabis growth and Snowdy advised against shorting this company. On the USB key there were also documents about the valuation of Storage Vault
- \* Spears advised that the plan involved evidence that they had that Callidus/ Cat was making false statements in terms of the valuations, therefore there was fraud because they were selling assets back and forth at inflated prices. Apparently Bruce was a source for this intel and maybe one other person
- \* Spears told Snowdy that Bruce was a source but also alluded to a source within Callidus/ Catalyst
- \* At this point in time, Snowdy tried to pull back from the schemes a bit, although he continues to be involved in the short attack on Badger Day Lighting – Anson is also involved in this
- \* Spears had approached Snowdy about Badger even before Cohodes had
- \* Cohodes is currently emailing people about the Badger attack
- \* Snowdy played us a recording – a call between Cohodes and Snowdy from Sept. 6
  - o Cohodes said he was going to fuck with the Badger guys
  - o Cohodes made fun of the OSC regulations – comparing them to speeding infractions because it was all prosecuted through the POA
  - o Snowdy: if we fix their office with things they can't ignore on Badger
  - o Snowdy: have some proxies and nominees we can send in and can also do a brown envelope
  - o Cohodes mentioned a conference on October he is speaking at and wants Snowdy to be there
- \* July 14 – dinner at Barberians
- \* Dinner was taped by Snowdy
- \* 13 people there
- \* Has some photos of people and will send to us
- \* Snowdy advised that the group rotates and goes in cycles with the companies they focus on – during the down time it's because the group is either waiting for more inside intel or is doing ground work.
- \* Snowdy advises that Cohodes et al don't necessarily have a source inside Catalyst but believe that what they're getting is coming from the inside
- \* Catalyst was their focus between January and April and then it became Badger

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- \* Then Cohodes brought on a guy to provide him with insulation and coordinate information, produce information to be distributed, set up the websites, etc.
- \* Other companies – Falcon Research in Florida, Circle Road Advisors in NY, Elstone Capital in Texas – these all are divisions of other funds and have connections to reporter
- \* It was in April that Snowdy was introduced to people about the Badger attack
- \* Feb. 13, 2017, Levitt reached out to Cohodes to ask whether he was interested in doing anything about Catalyst [compare to earlier where first Snowdy hears about Catalyst is through Anson] → there is an email
- \* This was tied into the ongoing disclosure
- \* Boland is connected to Levitt
- \* Snowdy was at a Christmas party and another lawyer from Norton Rose was talking about Boland and other lawyers
- \* Was a party at Waleed (ph) neighbour's house
- \* Was talking to Rick Dykstra – PC chairman in Ontario – Snowdy is good friends with Dykstra
- \* At the time, Snowdy didn't know much about the lawsuit with Westface
- \* Possible information about Frank Newbould and access with a particular law firm in Toronto
- \* Lenczner and Davies
- \* Snowdy claims there is an ongoing police investigation and that whichever force is investigating got a part 6 [wiretap authorization] from a judge in Thunder Bay [or a production order maybe]
- \* Snowdy says he knows that Brian's name is on correspondence with Lenczner firm
- \* Snowdy also claims cell records obtained via production orders showing calls on cell phones between lawyers and judges
- \* Mentioned having seen the name Brendan Morrison on correspondence [someone I know who is an associate at Lenczner]
- \* Something about Julie Thorburn [the gist was that Snowdy appeared before her on something and they did not get along and she was reassigned after this from the commercial list. N.b. I don't think she was ever on the commercial list but would have to check]
- \* Snowdy claims he was recently in a meeting with a client and a senior partner and an unnamed law firm in Toronto who said that for \$5 million he would ensure that the right judge from the commercial list would be assigned to the case
- \* Snowdy claims that Frank Newbould is terrified of him
- \* Websites [ones set up to gather intel or spread info] do not on their face appear to be linked to the cabal but Snowdy has emails that establish that link
- \* Snowdy thinks that Anson looks after a piece of Cohodes' money but not all of it
- \* Snowdy posits the possible strategy of feeding the cabal bad intel on a few occasions which could cause them to lose credibility with their followers if the shorts based on that bad intel don't work out
- \* Snowdy thinks there's more to it between Levitt and Cohodes
- \* Cohodes comes to Canada sometimes – for dinners, meetings at the OSC, and horse shows
- \* Snowdy doesn't think that the "puppet master" is only Cohodes
- \* Thinks this in part because of the relationships Cohodes has in Hong Kong, Europe, the Caribbean
- \* Snowdy wonders if some of this partner accounts are used for money laundering and/or the facilitation of exit cash from Asia

- \* The FBI, DOJ and IRS have commenced an investigation into Cohodes and others and Snowdy has spoken to the DOJ