

12 juillet 2010
16.10
9h00

COPIE CONFORME
m. G. Gagnon
officier autorisé

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE BANKRUPTCY
OF:

500
NO.: 11-039188-103

DOVER FINANCIAL CORP., carrying on
business at 555 Chabanel Street West, Suite 1531,
Montreal, Quebec, H2N 2L1

Debtor

Vu la preuve, Accord
de la présente requête
Provenance, une ordonnance
de requête à l'encontre
de Dover Financial Corp.
Nomme RSM Richter inc. syndice à

-and-
MRS. EDITH OLANOFF, Businesswoman,
residing at Levi 7A, Baka, Jerusalem, Israel

Petitioner

la faillite
de Dover Financial Corp.
M. Gagnon
12 juillet 2010

150400
0230717-0133-1456
Palais Justice MONTREAL
GOUVERNEMENT DU QUÉBEC
D. P. O. L. E. S. J. U. G. E. S.

Requête contre la
M. Gagnon

PETITION IN BANKRUPTCY
(Article 42 and following, Bankruptcy & Insolvency Act)

M. Gagnon

TO ANY ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT IN
AND FOR THE DISTRICT OF MONTREAL, SITTING IN BANKRUPTCY MATTERS
OR TO THE REGISTRAR THEREOF, THE PETITION OF YOUR PETITIONER
RESPECTFULLY STATES:

1. THAT the Debtor has at all times during the year next preceding the presentation of this Petition carried on business in the City of Montreal as a foreign exchange analyst, broker and trader, the whole as appears from copy of the Debtor's business card and Internet information produced en liasse as **Exhibit P-1**;
2. THAT your Debtor and its principal, and alter ego, Mr. Perry Newman, (also known as William Newman and Peter Newman) ("Newman") are one and the same, having acting in concert to commit the fraud hereinafter described, each one being the alter ego of the other;
3. THAT your Debtor and its alter ego Newman are solidarily indebted to Petitioner in the sum of \$7,588,656.40 U.S. in respect of funds advanced to your Debtor and its

alter ego Newman for purposes of investment in treasury bills and trading in foreign exchange, future contracts which they have fraudulently misappropriated and stole in lieu of the foregoing and which they illegally refuse to remit to Petitioner;

Debtor & Its Alter Ego's Scheme to Defraud

4. **THAT** your Debtor and its alter ego Newman at all times relevant represented themselves as experts in investing of funds and in trading in the currency futures contracts and in particular in respect of purchasing and selling futures contracts in respect of Euros ("Forex");
5. **THAT** your Debtor's alter ego Newman represented himself as an orthodox Jew from London, England who had moved to Montreal, Canada with his family, and who had vast experience in investment of funds and in purchasing and selling futures contracts in respect of foreign currency, in particular Euros;
6. **THAT** your Debtor's alter ego specifically targeted Jewish people from the New York City area to solicit them to open accounts with your Debtor in Montreal, and in respect of your Petitioner to advance your Debtor funds, of which 90% would be held in money market (treasury bills) and the 10% would be used for purposes of purchasing and selling Forex, the funds were not used for these purposes but were used for purposes of perpetrating the fraud hereinafter described;
7. **THAT** your Petitioner is of the Jewish faith formerly of New York and presently of Jerusalem, Israel and was referred to your Debtor and its alter ego Newman by her insurance agent/financial planner Mr. Allen Szrolovits, C.P.A. himself, an orthodox Jew from New York, copy of Mr. Szrolovits's biography obtained from the Internet is produced as **Exhibit P-2**;
8. **THAT** in 2005 Mr. Szrolovits advised Petitioner that he himself had provided the Debtor and its alter ego with certain funds to purchase and sell futures Forex contracts and in particular in respect of the Euro and that he was achieving a good return and accordingly he suggested that Petitioner should provide the Debtor and its alter ego with certain funds for the same purposes;
9. **THAT** accordingly on or about June 16, 2005 your Debtor's alter ego forwarded various forms to Petitioner, allegedly for purposes of opening an account with your Debtor, in order for your Debtor and its alter ego to advise her and to commence to act on her behalf and purchase and sell futures Forex contracts in Euros, copy of a fax dated June 16, 2005 together with enclosures from your Debtor and its alter ego to Petitioner are produced as **Exhibit P-3**;
10. **THAT** upon verification of counsel, neither your Debtor nor its alter ego Newman have at any time been registered with the Autorité des Marchés Financiers, and your Debtor has at no time been immatriculated to operate a business in the Province of

Quebec;

11. **THAT** your Debtor and its alter ego Newman, notwithstanding the foregoing, have operated illegally in Montreal, Quebec, firstly at 2500 Meilleur Street, and for the last several years from 555 Chabanel Street, Suite 1531, Montreal, and 255 Harrow Crescent, Hampstead, Quebec;
12. **THAT** your Petitioner has learned, after enquiry from counsel last week, that your Debtor is in fact a Turks & Caicos incorporation allegedly having been incorporated therein for your Debtor's alter ego Newman in 2005;
13. **THAT** shortly after forwarding Exhibit P-3 Petitioner wire transferred to your Debtor's bank account a sum of \$125,000.00 U.S. for purposes of your Debtor and its alter ego Newman using same to purchase and sell futures currency contracts especially in Euros, your Debtor's alter ego informed your Petitioner that her moneys were to be placed in a "segregated account" and would be partly placed in treasury bills and used for trading Euros with a major commodity futures trading house;
14. **THAT** on or about the beginning of July 2005, your Debtor and its alter ego forwarded to Petitioner a statement of account showing that her funds of \$125,000.00 U.S. were held in a "segregated account" in the name of Olanoff Holdings LLC, address c/o your Debtor at its then office on Meilleur Street, Montreal, the said statement being from an international, well-known corporation, "FC Stone LLC" which provides forex and commodities and future, clearing and brokerage services, a copy of the statement is produced as **Exhibit P-4**;
15. **THAT** a copy of the nature of the business carried on by FC Stone LLC obtained from the Internet is produced as **Exhibit P-5**;
16. **THAT** from June 29, 2005 until May 5, 2010 your Debtor and its alter ego on a monthly basis sent Petitioner copies of alleged statements from FC Stone LLC showing the monthly balance of her account, prices paid for trades and gross profit thereon, etc., the final statement dated May 2, 2010 showing the total value of Petitioner's account held at FC Stone LLC to be \$7,588,656.40 U.S., copies of the monthly statements are produced as **Exhibit P-6 en liasse** (the "FC Stone Statements");
17. **THAT** from June 2005 up until May 2010 your Petitioner advanced the sum of approximately \$9,336,300.00 U.S. to your Debtor and its alter ego Newman by way of bank wire transfers and throughout the period your Petitioner received back from the Debtor and its alter ego the sum of approximately \$600,000.00 U.S., your Debtor and its alter ego acknowledge that they held the sum of \$7,588,656.40 U.S. on behalf of Petitioner as appears from the last FC Stone statement, part of **Exhibit P-6**;

18. **THAT** subsequent to receiving the May 2, 2010 FC Stone Statement, your Petitioner was having problems obtaining return of her funds from your Debtor and its alter ego and upon verification with FC Stone LLC, learned from FC Stone LLC, **that the FC Stone Statements are forgeries, and fictitious** and that her funds were never placed at FC Stone LLC in a segregated account and that your Debtor and its alter ego are unknown to FC Stone LLC, and that your Debtor and its alter ego have misappropriated and stolen her funds;
19. **THAT** immediately upon obtaining the aforesaid information from the compliance department of FC Stone LLC., same was reported to the FBI in the USA by FC Stone LLC and your Petitioner has been in touch with and co-operating with the FBI. Petitioner through your undersigned counsel, have as well advised the Montreal and Quebec police authorities in order that an investigation be commenced in respect of acts on the part of your Debtor and its alter ego, **copy of a confirmation from FBI agent Brent Potter under date of June 22, 2010 confirming that the FC Stone Statements are fraudulent statements prepared by Debtor and its alter ego is produced as Exhibit P-7;**

History of the Fraud

20. **THAT** after allegedly opening up an account for Petitioner with your Debtor, on September 23, 2005 your Debtor's alter ego Newman faxed Petitioner with the first alleged trade at FC Stone LLC., on her cash account showing a profit having been made of \$8,750.00 U.S. and showing the funds at FC Stone LLC., in a segregated account in the name of your Debtor, Dover Financial Corp, copy of same is produced as **Exhibit P-8**, it is interesting to note that the opening statement allegedly from FC Stone LLC showed a segregated account opened in the name of Petitioner's holding corporation, the whole as appears from the June 29, 2005 statement part of **Exhibit P-6**;
21. **THAT** during the month of September 2005 your Debtor's alter ego requested that Petitioner advise of the name of her prime bank for purposes of transfer of funds and prepared a confirmation document for Petitioner to sign and Petitioner signed and returned same to your Debtor confirming her prime bank was the Bank of Jerusalem, Israel ("BOJ"), copy of the request and confirmation returned by Petitioner are produced as **Exhibit P-9 en liasse**;
22. **THAT** monthly from June 29, 2005 until May 2, 2010 your Debtor and its alter ego provided Petitioner with forged fraudulent statements from FC Stone LLC showing fictitious trades in her account and fictitious balances held therein allegedly in a segregated account;
23. **THAT** on November 2, 2005 after Petitioner advised your Debtor and its alter ego that the BOJ was her prime bank, Petitioner began receiving statements from your Debtor showing that her funds were now being held at FC Stone LLC in a segregated

account in the name of Bank of Jerusalem, copy of the November 2, 2005 statement to said effect is produced as **Exhibit P-10**;

24. **THAT** thereafter monthly until the month of April 2008, your Debtor and its alter ego sent Petitioner monthly statements allegedly from FC Stone LLC showing her funds were held thereat in a segregated account in the name of BOJ, all of which Petitioner has now learned are fraudulent, fictitious statements;
25. **THAT** your Debtor and its alter ego at all times throughout this fraud instructed your Petitioner to send her funds to the account of your Debtor at Scotia Bank at 645 René Lévesque Blvd. West in Montreal, a copy of one such request on January 23, 2008 from your Debtor's alter ego is produced as **Exhibit P-11**;
26. **THAT** on January 23, 2008 after enquiry by Petitioner to your Debtor's alter ego in respect of fees he was charging, he confirmed to Petitioner that "there is a 20% performance fee on all profits generated on your accounts. No other fees or service charges", thereby encouraging Petitioner and creating confidence in your Debtor and its alter ego as she would only be charged in the event that profits were generated, copy of same is produced as **Exhibit P-12**;
27. **THAT** your Debtor and its alter ego throughout the commission of this fraud encouraged your Petitioner to continue to sell her investments and not buy real estate and send additional funds to the account of your Debtor at Scotia Bank, and continuously showed Petitioner the profits she was allegedly making on her account at FC Stone LLC (all of which were fictitious), examples of various wire transfers in February 2008 and confirmation of receipt of funds are produced as **Exhibit P-13**;
28. **THAT** in March 2008 your Debtor's alter ego advised Petitioner that her account could no longer be held in the name of BOJ at FC Stone LLC and that he counselled her that it would be advantageous to incorporate a Turks & Caicos company for purposes of holding her funds and trading going forward;
29. **THAT** moreover your Debtor's alter ego advised Petitioner that he would have the corporation incorporated through his lawyers in Montreal;
30. **THAT** accordingly on March 10, 2008 your Debtor's alter ego sent your Petitioner a copy of a letter from the law firm of Pollack Kravitz & Teitelbaum dated March 4, 2008 confirming that an incorporation under the name of Ramat Partners Inc. was available for incorporation and had been reserved for incorporation in the Turks & Caicos for the law firm of Dempsey & Company, copy of this letter together with the application for incorporation for Petitioner to sign are produced as **Exhibit P-14**;
31. **THAT** on March 18, 2008 Petitioner received an email from your Debtor's alter ego advising her she would have to open a new brokerage account, copy of same is produced as **Exhibit P-15**;

32. **THAT** on March 25, 2008 your Debtor's alter ego wrote Petitioner that the aforesaid attorneys would advise of the date of incorporation the following day and would forward new brokerage account opening forms to sign, copy of same is produced as **Exhibit P-16**;
33. **THAT** on March 27, 2008 your Debtor's alter ego confirmed that Petitioner then had \$3,094,301.90 U.S. in her account, copy of this email is produced as **Exhibit P-17**;
34. **THAT** on March 28, 2008 your Debtor's alter ego wrote Petitioner and confirmed that her new account would be opened on April 1, 2008 and that statements would follow, copy of same is produced as **Exhibit P-18**;
35. **THAT** shortly thereafter on April 1, 2008 your Debtor and its alter ego forwarded a customer account application in the name of Ramat Partners Inc. and a discretionary trading authorization and power of attorney form to and in favour of your Debtor to trade with D & F Man International Inc. and its affiliates, copy of same are produced as **Exhibit P-19**; *E. D. & F. 44 20 7089 8000 (tel)*
36. **THAT** shortly thereafter on April 1, 2008 your Debtor's alter ego sent Petitioner a statement allegedly from FC Stone LLC showing her account now in the name of Ramat Partners Inc. allegedly in a segregated account thereat having a total value of \$3,094,301.90 U.S., copy of same is produced as **Exhibit P-20**;
37. **THAT** on April 17, 2008 your Debtor's Montreal legal counsel aforesaid forwarded to Petitioner the Certificate of Incorporation for Ramat Partners Inc. and a reporting letter, copy of which are produced as **Exhibit P-21**;
38. **THAT** from April 2008 until May 2010 Petitioner has received monthly statements from your Debtor and its alter ego showing that her funds are allegedly held in the name of Ramat Partners Inc. in a segregated account at FC Stone LLC, all of the said statements being forgeries, fictitious and fraudulent as no such account ever existed;
39. **THAT** moreover upon verification with FC Stone LLC in May 2010, Petitioner was informed that the FC Stone LLC letter head and logo on the statements received by Petitioner had not been used for many years and that the FC Stone LLC letter head and logo had been changed several years ago, and that the statements were all forgeries;
40. **THAT** on or about November 20, 2008 upon further encouragement from your Debtor's alter ego, Petitioner confirmed that she was wiring a further sum of \$1,510,000.00 U.S. which she held in her Union Bank Suisse (UBS) account in New York to your Debtor which your Debtor's alter ego said should be wired first to your Petitioner's account in Israel and then to your Debtor, and that she now held approximately \$7,000,000.00 U.S. in her account, copy of same is produced as **Exhibit**

P-22;

41. **THAT** on November 20, 2008 your Debtor and its alter ego once again confirmed that the wire transfer of funds should be made to your Debtor's account at Scotia Bank, 645 René-Lévesque Blvd. West, account number 50021-00906-11, copy of this email is produced as **Exhibit P-23**;
42. **THAT** on November 21, 2008 Petitioner emailed your Debtor's alter ego and asked why her money was to be wired to your Debtor as opposed to Ramat Partners Inc., your Debtor replied, "It is ... Dover is running your account", copy of same is produced as **Exhibit P-24**;
43. **THAT** on December 3, 2008 Petitioner requested that your Debtor and its alter ego provide her with an updated statement when the transferred funds arrived, copy of same is produced as **Exhibit P-25**;
44. **THAT** on December 5, 2008 your Debtor's alter ego confirmed to Petitioner that he had received an additional \$1,609,300.00 U.S. from her and that a statement would follow;
45. **THAT** on December 9, 2008 your Debtor's alter ego confirmed to your Petitioner that he was to receive an additional \$650,000.00 U.S. for her account the following day, copy of a string of emails confirming same is produced as **Exhibit P-26**;
46. **THAT** thereafter your Debtor's alter ego continued to communicate with your Petitioner on a regular basis allegedly advising her in respect of her investments and strategies, copy of emails dated January 20, 2010 encouraging her to sell her real estate investments are produced as **Exhibit P-27**;
47. **THAT** on January 6, 2010 your Debtor's alter ego confirmed to Petitioner her Forex (currency) investments were doing very well, that he had sold out her Euro futures contracts and had taken all the profits she had seen on the prior month's contracts, copy of same is produced as **Exhibit P-28**;
48. **THAT** on January 6, 2010 your Debtor's alter ego advised Petitioner that he was in London, England and that he would be back in the office the following day and would catch up with her, copy of this email is produced as **Exhibit P-29**;
49. **THAT** on February 3, 2010 your Debtor's alter ego advised Petitioner that the Euro was going down and that she was "short", meaning she was making money by gambling that the Euro would fall, copy of this email is produced as **Exhibit P-30**;
50. **THAT** your Debtor's alter ego from 2005 to 2010 deceived Petitioner into believing that he was investing her funds carefully and that she was making significant profits

in his trading ability in purchasing future contracts speculating in Euros when throughout the entire time period he was doing nothing more than deceiving her in a major fraud to provide him with the said money which has now disappeared;

Discovery of Fraud

51. **THAT** throughout the period 2005-2010, Petitioner communicated with your Debtor's alter ego on a regular basis, the two discussed currency strategy and investment strategy on a regular basis, your Debtor's alter ego at all times appeared for all intents and purposes to be a knowledgeable currency analyst and trader and continued to encourage her to cash in her investments, not invest in real estate and provide him with funds to invest in purchasing and selling currency futures contracts due to the success that he had achieved on her behalf and as shown on the FC Stone LLC statements;
52. **THAT** Petitioner had been introduced to your Debtor's alter ego by her insurance and financial planner of long standing in New York (Mr. Allen Szrolovits CPA) who had advised her that he had his own funds invested with your Debtor and that he had suggested and referred various other clients to your Debtor and its alter ego;
53. **THAT** throughout the aforesaid period your Debtor's alter ego would demonstrate to Petitioner that he was an observant orthodox Jew, he would visit with Petitioner on a regular basis in New York, Israel and Florida and as an orthodox Jew would continuously discuss and exchange views on various Jewish values, religious, spiritual, and ethical issues and matters with Petitioner, thereby creating the false impression that he was embedded with values of honesty and trustworthiness, copies of various exchanges are produced as **Exhibit P-31 en liasse**;
54. **THAT** your Debtor's alter ego thereby built up a strong bond with Petitioner and created a large degree of confidence in himself and Petitioner at all times believed that your Debtor and its alter ego were honest and held the highest ethical values, all of which was nothing but a scheme of deception perpetrated in order to fleece Petitioner of her hard earned money.
55. **THAT** your Debtor further built confidence with your Petitioner by providing her with monthly statements from a major international financial firm specializing in brokerage, and clearing Forex transactions, (FC Stone LLC) showing her funds were held in a segregated account, and which statements appeared to reflect actual transactions, all of which have been determined to be forgeries;
56. **THAT** on March 19, 2010 Petitioner requested that your Debtor's alter ego forward \$200,000.00 U.S. from her account as she was in need of certain funds, the whole as appears from a copy of an email dated March 19, 2010 produced as **Exhibit P-32**;

57. **THAT** the aforesaid funds arrived in Petitioner's account at the BOJ in Jerusalem on or about March 23, 2010 the whole as appears from Petitioner's internal notes produced as **Exhibit P-33**;
58. **THAT** on May 5, 2010 Petitioner once again requested that your Debtor's alter ego forward a further \$200,000.00 U.S. from her account to the BOJ which she required for construction to her home in Israel, the whole as appears from a copy of an email dated May 5, 2010 produced as **Exhibit P-34**;
59. **THAT** on May 5, 2010 your Debtor's alter ego forwarded to Petitioner a statement of account allegedly from FC Stone LLC., showing that she had a balance in her account of \$7,525,406.40 U.S. and advised her that she was "Short" in Euros, thereby indicating to Petitioner that she was continuing to make money by his decision to speculate that the Euro would fall, copy of this fax is produced as **Exhibit P-35**;
60. **THAT** on May 21, 2010 your Debtor's alter ego advised Petitioner that he would be in funds on May 25, 2010 and would wire the funds to the BOJ, the whole as appears from a copy of this email produced as **Exhibit P-36**;
61. **THAT** on May 26, 2010 your Debtor confirmed to Petitioner that the aforesaid transfer would arrive within 24 to 48 hours, copy of an email to said effect is produced as **Exhibit P-37**;
62. **THAT** on May 27, 2010 Petitioner advised your Debtor's alter ego that the wire transfer did not arrive and she had to shut down her construction project, and she requested a copy of the wire transfer, copy of same is produced as **Exhibit P-38**;
63. **THAT** on May 27, 2010 your Debtor's alter ego advised that he had spent 2 hours at his bank and advised the funds would be credited to her account in 48 hours, a copy of this email is produced as **Exhibit P-39**;
64. **THAT** on May 27, 2010 your Debtor confirmed to Petitioner that her funds had been wired on May 26, 2010 at 3:00 p.m., copy of this email is produced as **Exhibit P-40**;
65. **THAT** your Debtor did not send the sum of \$200,000.00 U.S. to Petitioner which Petitioner required to use in the construction of a home in Jerusalem, and kept stalling her and as a result your Petitioner became suspicious and circumspect that something was not right;
66. **THAT** your Petitioner thereupon requested the return of all of her funds;
67. **THAT** on May 31, 2010 your Debtor's alter ego requested that Petitioner send him a letter to close her account which he said he needed to be able to transfer the funds, so that the authorities would not think he was doing anything illegal and accordingly

on May 31, 2010 your Petitioner forwarded an email to Debtor and its alter ego asking him to close her account and transfer all her funds to her bank, copy of same is produced as **Exhibit P-41**;

68. **THAT** on May 31, 2010 your Debtor's alter ego replied that he would transfer Petitioner her funds, copy of this email is produced as **Exhibit P-42**;
69. **THAT** shortly thereafter Petitioner decided to call FC Stone LLC where her funds were supposedly kept in a segregated account and was astonished to learn that no account existed in her name, or in the name of Ramat Partners Inc., or any other name on her behalf or in the name of the Debtor or its alter ego (same being unknown to FC Stone LLC, that the statements which she had received from your Debtor and its alter ego over a period of five years bearing the letter head of FC Stone LLC were forgeries and never sent by FC Stone LLC to your Debtor and its alter ego, and appear to be statements printed by your Debtor and its alter ego themselves;
70. **THAT** Petitioner was advised by the compliance department at FC Stone LLC that the letter head and logo on the statements she had received from your Debtor and its alter ego had been changed many years ago and had not been used in the period 2005-2010 and that they would immediately report the matter to the FBI, Petitioner agreeing to immediately co-operate and speak with the FBI as well, which she has so done;
71. **THAT** your Petitioner thereafter pressed your Debtor and its alter ego for immediate reimbursement of her funds which your Debtor and its alter ego agreed to remit, however to date to no avail;
72. **THAT** on June 9, 2010 your Debtor's alter ego advised Petitioner that her funds would be in his hands later that day but that he would have to go sign them out before a senior banking officer, the whole as appears from a copy of an email to Petitioner produced as **Exhibit P-43**;
73. **THAT** on June 10, 2010 Petitioner informed her bank to verify for a bank wire transfer to her bank at BOJ from your Debtor's bank, Scotia Bank, in the sum of \$7,545,731.40 U.S., the whole as appears from a copy of same produced as **Exhibit P-44**;
74. **THAT** on June 14, 2010 Petitioner had still not received her funds and requested that your Debtor's alter ego forward a copy of the bank wire transfer documents allegedly coming from Scotia Bank in Montreal, a string of emails in respect of same are produced en liasse as **Exhibit P-45**;
75. **THAT** on June 14, 2010 Petitioner advised your Debtor's alter ego that she was going to speak with his bank the Scotia Bank to confirm that the wire transfer was taking

place and your Debtor's alter ego requested that she not call the Scotia Bank, alleging that the transfer was out of their hands and that same was in the hands of the CRA (Canada Revenue Agency) who had to approve the transfer and after approval it would be sent off, the whole as appears from a copy of an email sent to Petitioner by your Debtor's alter ego produced as **Exhibit P-46**;

76. **THAT** on June 14, 2010 your Debtor's alter ego wrote Petitioner that he had to answer to the Tax Department and that they could withhold her funds for a week and that "is the law", which was false, copy of a string of false and deceptive emails sent on June 14, 2010 in respect of Canada Revenue Agency are produced as **Exhibit P-47**, all of which were sent to deceive Petitioner;
77. **THAT** on June 15, 2010 Petitioner attempted to communicate with the Scotia Bank and was not able to obtain information from them, but was advised that the manager of the branch was out of town and would communicate with her upon his return the next day;
78. **THAT** on June 15, 2010 Petitioner received an e-mail from your Debtor's alter ego stating that things were not going well and that Scotia Bank was waiting on the approval to send Petitioner's funds and that he would let Petitioner know when they had obtained clearance, and that "things looked bleak", the whole as appears from a copy of an email produced as **Exhibit P-48**;
79. **THAT** Petitioner contacted your undersigned counsel via New York counsel late in the afternoon of June 15, 2010, whereupon your undersigned counsel upon learning of the foregoing facts attempted to immediately communicate by email (5:33PM) with the Scotia Bank in order to verify the veracity of your Debtor's pretensions and to verify if in fact they had instructions to wire Petitioner her funds in the sum of \$7,545,731.40 U.S., the whole as appears from copy of an email of the undersigned counsel produced as **Exhibit P-49**;
80. **THAT** at the same time Petitioner through her undersigned counsel immediately wrote your Debtor and its alter ego requesting immediate transfer of the aforesaid sum, a copy of an email to said effect is produced as **Exhibit P-50**;
81. **THAT** on June 16, 2010 your undersigned counsel was advised by Scotia Bank that due to confidentiality rules they could not discuss the account of your Debtor, however they did confirm that they did have an account in the name of the Debtor, it had been mostly inactive since last December, and due to the seriousness of Petitioner's allegations they advised that insignificant funds existed in the account, they had never had any instructions to wire money to Petitioner and that there was no financial ability of your Debtor to issue a wire transfer in the sum of \$7,545,731.40 U.S.;

82. **THAT** your Debtor and its alter ego, Newman have at no time responded to counsel's June 15, 2010 email request for payment but subsequent thereto in a predatory fashion your Debtor's alter ego Newman continues to call and email your Petitioner, requesting that she call him, or that her son call him, as if nothing was wrong and as if his deceptive scheme had not been discovered, and that all will be sorted out, a copy of these emails under date of June 16, 2010 are produced en liasse as **Exhibit P-51**;
83. **THAT** on June 16, 2010 your undersigned counsel contacted the Quebec Provincial Police, and wrote your Debtor's alter ego advising him to cease communicating with Petitioner and advising him of the seriousness of the situation, however your Debtor's alter ego simply ignores same and continues to harass Petitioner and attempts to communicate with her, copy of this email is produced as **Exhibit P-52**;

Grounds for Bankruptcy

84. **THAT** your Debtor and its alter ego are jointly and severally liable for the repayment of Petitioner's funds obtained and misappropriated by fraudulent means from Petitioner and presently owe Petitioner the sum of \$7,588,656.40 U.S. by their own admission found on the last statement sent to Petitioner under date of May 2, 2010, **Exhibit P-6**;
85. **THAT** the funds advanced by Petitioner at all times were and remained her funds notwithstanding that your Debtor for his own unexplained fraudulent reasons caused several names including, the corporation Ramat Partners Inc. to be interposed as the name on the fictitious brokerage account at FC Stone LLC;
86. **THAT** your Petitioner holds no security on the Debtor's estate or assets;
87. **THAT** the Debtor and its alter ego have both committed the following acts of bankruptcy, namely;
- a) Your Debtor and its alter ego have ceased to meet their liabilities generally as they become due and are incapable of paying Petitioner the aforesaid sum fraudulently misappropriated from Petitioner, and for which demand for payment has been made, but to no avail.
 - b) Your Debtor's office and place of business appear to be closed and it and its alter ego have secreted, removed or disposed of your Debtor's assets and those of Petitioner's funds entrusted to it, and paid to the order of your Debtor for investment purposes.
88. **THAT** in addition to your Petitioner your Petitioner has been advised that your Debtor and its alter ego, William Newman, are indebted to Mr. Allen Szrolovits CPA of New York and several of his clients for amounts in excess of \$100,000.00 in respect

of the same scheme herein described your Petitioner believing that she is unfortunately the largest creditor of your Debtor and its alter ego;

89. **THAT** RSM Richter Inc., Licensed Trustee of Montreal, Quebec is a person qualified to act as Trustee in respect of the assets of your Debtor and has agreed to act as Trustee;

WHEREFORE YOUR PETITIONER PRAYS THAT BY JUDGEMENT TO INTERVENE:

- (1) **THAT** the said Debtor Dover Financial Corp. be declared bankrupt;
- (2) **THAT** a Receiving Order be issued in respect of the estate and property of your Debtor;
- (3) **THAT** the said RSM Richter Inc. be appointed Trustee to the assets of the Debtor;

THE WHOLE with costs against the Mass, including all extra judicial costs.

MONTREAL, June 23, 2010

Issued at Montréal
Province of Québec

(SGD.) STEIN & STEIN INC.

this day of

Claudine Roy, j.c.s.
Registrar in bankruptcy
25/06/10 *[Signature]* j.c.s.

STEIN & STEIN INC.
Attorneys for Petitioner

COPIE CONFORME/TRUE COPY

Stein & Stein Inc.
.....
STEIN & STEIN INC.

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTERAL

IN THE MATTER OF THE BANKRUPTCY
OF:

NO.:

DOVER FINANCIAL CORP., carrying on
business at 555 Chabanel Street West, Suite 1531,
Montreal, Quebec, H2N 2L1

Debtor

-and-

MRS. EDITH OLANOFF, Businesswoman,
residing at Levi 7A, Baka, Jerusalem, Israel

Petitioner

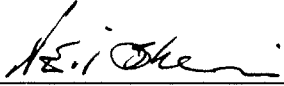
**ATTESTATION OF AUTHENTISITY
ARTICLE 82.1 C.C.P.**

I, the undersigned, Neil H. Stein, lawyer, carrying on his practice at 4101 Sherbrooke Street West, Montreal, Quebec, H3Z 1A7 do hereby attest to the authenticity of the following:

1. That on June 24, 2010, between 5.45 and 5.52 Montreal time, I received by facsimile copy from Mrs. Edith Olanoff of Baka, Jerusalem, Israel, an Affidavit in support of the Petition for Receiving Order in the present Court record, solemnly declared, and signature authenticated before Issac Lombrozo, advocate and notary public of Jerusalem, Israel on June 24, 2010, a copy of which Affidavit and authentication is attached hereto.
2. That the Affidavit and authentication annexed hereto are true copies of the facsimile of same received by facsimile machine of the undersigned in Montreal, Quebec number 514-952-9037.
3. That the name of the sender of the above Affidavit and authentication is Issac Lombrozo, advocate and notary public of Jerusalem, Israel, and the phone number of the facsimile machine transmitting same is 011-02-705-77000 the whole as appears from a journal print out of the facsimile machine of the undersigned, same

having been transmitted from Jerusalem on June 24, 2010 between 5.45 to 5.52 hrs,
Montreal time.

MONTREAL, June 25, 2010



Neil H. Stein, Lawyer Bar of Quebec No. 174559-0

COPIE CONFORME/TRUE COPY



STEIN & STEIN INC.

AFFIDAVIT

I, the undersigned, Edith Olanoff, residing and domiciled Levi 7A, Baka, Jersusalem, Israel, solemnly declare:

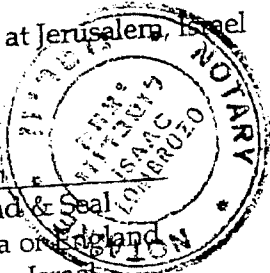
- 1. THAT I am the Petitioner herein;
2. THAT the facts alleged in the foregoing Petition for Receiving Order are true and correct.
3. THAT the Debtor is truly and justly indebted to myself in the sum of \$7,588,656.40 U.S. as stated in the foregoing Petition for Receiving Order.

AND I HAVE SIGNED

EDITH OLANOFF

Solemnly declared before me at Jerusalem, Israel this 24 day of June, 2010.

Notary Public under his Hand & Seal or Consular Agent of Canada or England Exercising his/her function in Israel



AUTHENTICATION OF SIGNATURE

אימות חתימה

I the undersigned, Issac Lombrozo Adv and notary at 21 Abarbanel St Jerusalem, Hereby certify that on 24/06/2010 there appeared before me at my office Ms. Olanoff Edith whose identity was proved to me by Passport no. 467477600 issued by Department of States at U.S.A. on 17/02/2010 And signed of her own free will the document overleaf.

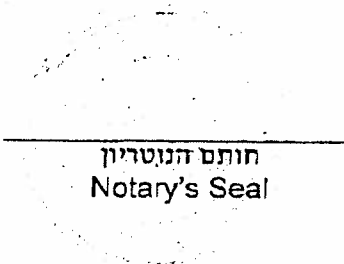
אני הח"מ יצחק לומברוזו עו"ד ונוטריון מרח' אברבנאל 21 בירושלים, מאשר כי ביום 24/06/2010 ניצבה לפני במשרדי גבי אידית אולנוף שזהותה הוכחה לי על פי דרכון מספר 467477600 שהוצא על ידי מח' הדרכונים ב ארה"ב ביום 17/02/2010 וחתמה מרצונה החופשי על המסמך שמעבר לדף.

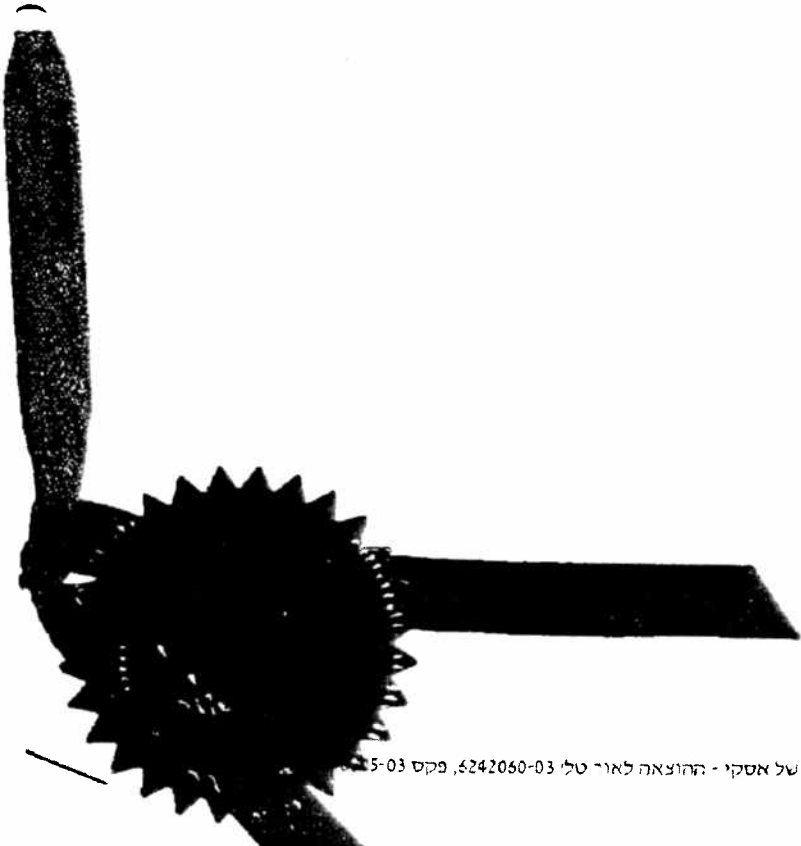
ולראיה הנני מאמת/ת את חתימתה של גבי אידית אולנוף בחתימת ידי ובחותמי, היום 24/06/2010 שכרי בסך 170 ש"ח כולל מע"מ שולם.

In witness where of I hereby authenticate the signature of Ms. Olanoff Edith by my own signature and seal today. 24/06/2010.

Fees paid: 170 NIS including VAT.


חתימת הנוטריון
Signature


חותם הנוטריון
Notary's Seal



NO.	COM	PAGES	FILE	DURATION	X/R	IDENTIFICATION	DATE	TIME	DIAGNOSTIC
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96	OK	018/018	049	00:04'43	XMT	#0705142841961	JUN-22	12:53	2840470377000
97	OK	018/018	051	00:04'40	XMT	#0715149876886	JUN-22	12:58	2840470377000
98	P-OK	016/016	052	00:04'18	XMT	#0725148758237	JUN-22	13:03	F840470377000
99	OK	018/018	053	00:04'41	XMT	#0725148758237	JUN-22	13:08	F840470377000
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06	OK	001	061	00:01'25	RCV		JUN-22	23:09	0110260432000
07	OK	001	062	00:01'57	RCV		JUN-23	03:04	0110260C77000
08	OK	002	063	00:02'36	RCV	4	JUN-23	07:41	0150260472000
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-STEIN & STEIN INC. -

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTERAL

IN THE MATTER OF THE BANKRUPTCY
OF:

NO.:

DOVER FINANCIAL CORP., carrying on
business at 555 Chabanel Street West, Suite 1531,
Montreal, Quebec, H2N 2L1

Debtor

-and-

MRS. EDITH OLANOFF, Businesswoman,
residing at Levi 7A, Baka, Jerusalem, Israel

Petitioner

PETITIONER'S LIST OF EXHIBITS

- Exhibit P-1:** Copy of Debtor's business card and Internet information.
- Exhibit P-2:** Copy of Mr. Allen Szrolovits's biography obtained from the Internet.
- Exhibit P-3:** Copy of fax dated June 16, 2005 together with enclosures from Dover Financial Corp. to Edith Olanoff.
- Exhibit P-4:** Copy of statement of account allegedly from FC Stone LLC.
- Exhibit P-5:** Copy of the nature of the business carried on by FC Stone LLC obtained from the Internet.
- Exhibit P-6:** Copies of alleged FC Stone LLC monthly statements from June 29, 2005 to May 5, 2010.
- Exhibit P-7:** Copy of confirmation from FBI Agent, Brent Potter dated June 22, 2010 confirming FC Stone statements are fraudulent statements.

- Exhibit P-8:** Copy of fax dated September 23, 2005 from Dover Financial Corp. to Edith Olanoff.
- Exhibit P-9:** Copy of request from Dover Financial Corp. for name of Petitioner's prime bank and confirmation from Edith Olanoff that her prime bank was Bank of Jerusalem.
- Exhibit P-10:** Copy of statement dated November 2, 2005 in the name of Bank of Jerusalem c/o Dover Financial Corp.
- Exhibit P-11:** Copy of request to send funds from Dover Financial Corp. to Edith Olanoff dated January 23, 2008.
- Exhibit P-12:** Copy of email dated January 23, 2008 from William Newman to Edith Olanoff re. performance fee.
- Exhibit P-13:** Copy of examples of various wire transfers in February 2008 and confirmation of receipt of funds.
- Exhibit P-14:** Copy of letter from law firm of Pollack Kravitz & Teitelbaum dated March 4, 2008 together with the application for incorporation for Edith Olanoff to sign.
- Exhibit P-15:** Copy of email dated March 18, 2008 from William Newman to Edith Olanoff advising her to open new brokerage account.
- Exhibit P-16:** Copy of email dated March 25, 2008 from William Newman to Edith Olanoff advising of date of incorporation and new brokerage account forms.
- Exhibit P-17:** Copy of email dated March 27, 2008 from William Newman to Edith Olanoff re \$3,094,301.90 U.S. in her account.
- Exhibit P-18:** Copy of fax dated March 28, 2008 from William Newman to Edith Olanoff re confirmation of new account would be opening on April 1, 2008.
- Exhibit P-19:** Copy of customer account application in the name of Ramat Partners Inc. and a discretionary trading authorization and power of attorney.
- Exhibit P-20:** Copy of statement of account allegedly from FC Stone LLC showing account in the name of Ramat Partners Inc. having a total value of \$3,094,301.90 U.S.
- Exhibit P-21:** Copy of reporting letter dated April 17, 2008 from Pollack, Kravitz & Teitelbaum forwarding Certificate of Incorporation for Ramat Partners Inc.

- Exhibit P-22:** Copy of email dated November 20, 2008 from Edith Olanoff to William Newman that she was wiring to his account a sum of \$1,510,000.00 U.S.
- Exhibit P-23:** Copy of email dated November 20, 2008 from William Newman to Edith Olanoff re wire transfer of funds to Scotia Bank account no. 50021-00906-11.
- Exhibit P-24:** Copy of email dated November 21, 2008 from Edith Olanoff to William Newman re. why money was to be wired to Newman's account as opposed to Ramat Partners Inc.
- Exhibit P-25:** Copy of email dated December 3, 2008 from Edith Olanoff to William Newman re requesting updated statement when funds transferred.
- Exhibit P-26:** Copy of string of emails dated December 9, 2008 from William Perry to Edith Olanoff re. receiving additional sum of \$650,000.00 U.S.
- Exhibit P-27:** Copy of emails dated January 20, 2010 from William Newman encouraging Edith Olanoff to sell her real estate investments.
- Exhibit P-28:** Copy of email dated January 6, 2010 from William Newman to Edith Olanoff re Forex investments doing well.
- Exhibit P-29:** Copy of email dated January 6, 2010 from William Newman to Edith Olanoff advising he was in London, England.
- Exhibit P-30:** Copy of email dated February 3, 2010 from William Newman to Edith Olanoff re Euro going down in value.
- Exhibit P-31:** Copy of various email exchanges between William Newman and Edith Olanoff re. views on various Jewish values, religious, spiritual and ethical issues.
- Exhibit P-32:** Copy of email dated March 19, 2010 from Edith Olanoff to William Newman re. request to forward funds to her in the amount of \$200,000.00 U.S.
- Exhibit P-33:** Copy of internal notes of Edith Olanoff re. funds arriving in her account at Bank of Jerusalem on or about March 23, 2008.
- Exhibit P-34:** Copy of email dated May 5, 2010 from Edith Olanoff to William Newman re. request for further sum of \$200,000.00 U.S.
- Exhibit P-35:** Copy of fax dated May 5, 2010 from William Newman to Edith Olanoff re. statement of account showing balance of \$7,525,406.40 U.S.

- Exhibit P-36:** Copy of email dated May 21, 2010 from William Newman to Edith Olanoff re. Newman would be in funds on May 25, 2010 and would wire same to BOJ.
- Exhibit P-37:** Copy of email dated May 26, 2010 from Dover to Edith Olanoff re. transfer of funds to arrive within 24 to 48 hours.
- Exhibit P-38:** Copy of email dated May 27, 2010 from Edith Olanoff to William Newman re. transfer of funds did not arrive into her account.
- Exhibit P-39:** Copy of email dated May 27, 2010 from William Newman to Edith Olanoff re. Newman at bank for 2 hours to try and wire transfer funds.
- Exhibit P-40:** Copy of email dated May 27, 2010 from William Newman to Edith Olanoff re. confirmation that wire transfer arrived on May 26, 2010 at 3:00 p.m.
- Exhibit P-41:** Copy of email from dated May 31, 2010 from Edith Olanoff to William Newman re. requesting to close her account and transfer all funds to her bank.
- Exhibit P-42:** Copy of email dated May 31, 2010 from William Newman to Edith Olanoff re. confirming he would transfer her funds to her bank account.
- Exhibit P-43:** Copy of email dated June 9, 2010 from William Newman to Edith Olanoff re. signing off funds before a senior banking officer.
- Exhibit P-44:** Copy of email dated June 10, 2010 from Edith Olanoff to Bank of Jerusalem to verify bank wire transfer from Scotia Bank in the sum of \$7,545,731.40 U.S.
- Exhibit P-45:** Copy of a string of emails dated June 14, 2010 from William Newman to Edith Olanoff re. request to forward wire transfer documents from Scotia Bank.
- Exhibit P-46:** Copy of email dated June 14, 2010 from William Newman to Edith Olanoff re. approval by CRA for wire transfer.
- Exhibit P-47:** Copy of string of emails dated June 14, 2010 from William Newman to Edith Olanoff re. Canada Revenue Agency and answering to the Tax Department.
- Exhibit P-48:** Copy of email dated June 15, 2010 from William Newman to Edith Olanoff re. things looking bleak for Petitioner.
- Exhibit P-49:** Copy of email dated June 15, 2010 from Neil Stein of Stein & Stein Inc. to Michel Perrier of Scotia Bank.

Exhibit P-50: Copy of email dated June 15, 2010 from Stein & Stein Inc. to William Newman.

Exhibit P-51: Copy of emails dated June 16, 2010 from William Newman to Edith Olanoff.

Exhibit P-52: Copy of email dated June 16, 2010 from Stein & Stein Inc. to William Newman.

MONTREAL, June 23, 2010

(SGD.) STEIN & STEIN INC.

STEIN & STEIN INC.
Attorneys for Petitioner

COPIE CONFORME/TRUE COPY

Stein & Stein Inc.
.....
STEIN & STEIN INC.

NOTICE

TO: **DOVER FINANCIAL CORP.**
555 Chabanel Street West, Suite 1531,
Montreal, Quebec, H2N 2L1

AND: **SUPERINTENDENT IN BANKRUPTCY**
5 Place Ville Marie, 8th Floor
Montreal, Quebec
H3B 2G2

AND: **RSM RICHTER INC.**
2 Place Alexis Nihon
Montreal, Quebec
H3Z 3C2

SIRS:

TAKE NOTICE of the foregoing Petition for Receiving Order attached hereto and that same will be presented for proof and hearing before one of the Judges of this Honourable Court, sitting in Bankruptcy or to the Registrar thereof, in **Room 16.10** of the Court House, **10 St. Antoine Street East**, Montreal, on the **12th** day of **July 2010** at 9:00 a.m. or so soon thereafter as counsel may be heard.

AND FURTHER TAKE NOTICE that if Notice of Cause against the Petition is not filed in Court and a copy thereof served on the undersigned Attorneys representing the Petitioning Creditor at least two (2) days before the hearing and if you do not appear at the hearing, the Court may grant a Receiving Order on such proof of the statements in the Petition as the Court shall think sufficient, and do you govern yourselves accordingly.

Montreal, June 23, 2010

(SGD.) STEIN & STEIN INC.

STEIN & STEIN INC.
Attorneys for Petitioner

COPIE CONFORME/TRUE COPY

Stein & Stein Inc.
.....
STEIN & STEIN INC.

502

NO. 11-039 188-103

SUPERIOR COURT
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE BANKRUPTCY OF:

DOVER FINANCIAL CORP.

Debtor

-and-

MRS. EDITH OLANOFF

Petitioner

PETITION IN BANKRUPTCY

*(Article 42 and following,
Bankruptcy & Insolvency Act)*

COPY FOR: **RSM RICHTER INC.**

2, Place Alexis Nihon, Suite 1820
Montreal, Quebec
H3Z 3C2

CODE NO. BS0326

FILE NO. 11807-2

**ME NEIL H. STEIN
STEIN & STEIN INC.**

Avocats/Barristers & Solicitors

4101 ouest rue Sherbrooke Street West
MONTREAL, QUÉBEC H3Z 1A7
TEL: 514-866-9806 / FAX: 514-875-8218