

AFFIDAVIT OF ERAN OSTFELD

I, Eran Ostfeld, of the City of Richmond Hill, in the Province of Ontario, **MAKE**

OATH AND SAY:

1. Ronald Rutman is an accountant who has advised me in the past on financial and tax matters.
2. In 1999, Mr. Rutman recommended that I transfer ownership of shares (the "shares") that I owned in a company called Paradigm Advanced Technology to an offshore trust. The value in the shares had increased from approximately \$15,000.00 to approximately \$7,000,000.00. Mr. Rutman informed me that if the shares were transferred to an offshore trust, I would not have to pay taxes on the gain. I agreed to this and Mr. Rutman took care of the arrangements in consideration for a cash payment.
3. As part of the transfer, Mr. Rutman arranged for the creation of an offshore trust which would remain under his control. The name of the trust was the "Har Carmel Trust" (the "Trust"). Mr. Rutman also arranged for the shares to be transferred out of my name and into the name of the Trust (Mr. Rutman made it appear as if the shares had been transferred to the Trust before their increase in value). He then opened an account in the name of the Trust at Friedberg Mercantile Group Ltd. in Toronto ("Friedberg") and had the shares transferred to the account at Friedberg.

5. In 2000, Mr. Rutman recommended that some of the proceeds of the sale of the shares (the "proceeds") be used to buy units (the "units") in H & R REIT (the "REIT"), of which he was a trustee. Mr. Rutman informed me that he had information concerning the REIT that we could use to make a profit. He also told me that he could not buy the units in his name because he was a trustee and that we could use the Trust for this purpose. Mr. Rutman arranged for the Trust to purchase the units. Mr. Rutman and I agreed that he would receive a cash payment from me when the units were sold, at a significant profit, which he did.

SWORN BEFORE ME at)
the City of *Toronto*, in)
the Province of Ontario)
this *3rd* day of)
May, 2009)
_____)
A Commissioner, etc.)



ERAN OSTFELD