



Press Release

October 16, 2017

**PROPOSED CLASS ACTION AGAINST GLOBAL LEARNING GROUP INC. FOR
“SHAM” CHARITABLE DONATION TAX SCHEME**

TORONTO, Ontario – The law firms of Waddell Phillips Professional Corporation and Landy Marr Kats LLP today announced the commencement of a proposed \$800 million class action lawsuit against Global Learning Group Inc. (GLGI), and other individuals and entities involved in the development, structuring, creation, promotion and operation of the Global Learning Gifting Initiative Charitable Donation Program (the Gift Program), a complex leveraged charitable donation tax scheme that operated from 2004 to 2014. As well as GLGI, the defendants include several law firms and accounting firms and the promoters of the Gift Program. The proposed class action is brought on behalf of Canadian taxpayers who participated in the Gift Program, excluding the defendants, their affiliates and those who sold the Gift Program.

The Claim alleges that GLGI led the participating taxpayers to believe that the Gift Program was a legitimate charitable enterprise and that their donations to the Gift Program would ultimately result in gifts of cash and valuable software licenses to designated bona fide charities. Participants were told that they would receive charitable tax receipts exceeding their cash donations by many multiples based on the value of the software licenses and that they could then claim charitable tax credits on their tax returns. About 60,000 Canadians participated in this charitable donation tax scheme.

In the mid-2000's the Canada Revenue Agency (CRA) began reassessing the tax returns of those who participated in the Gift Program. It has disallowed the claimed tax credits and charged the tax payers penalties and interest.

In 2015, the Tax Court of Canada found that the Gift Program was a 'sham' perpetrated by GLGI. GLGI and its accomplices received approximately 90% of the cash donations made by the taxpayers. The Tax Court also concluded that the software license valuations obtained by GLGI to support the value of the charitable tax receipts vastly overestimated the actual value of the software licenses, which were actually worth only \$0.13-\$0.26 each, and that the trust structure of the Gift Program was invalid.

The statement of claim alleges that there was no genuine charitable purpose to the Gift Program, but rather the primary purpose of the Gift Program was to enrich GLGI and associated companies and their principles to the detriment of the class members. The plaintiffs seek damages equivalent to all the cash donations to the Gift Program plus the interest and penalties charged by the CRA.

The plaintiffs have brought a motion to have a receiver appointed over GLGI, which has ceased operations. The receivership motion will be heard in Toronto on November 14, 2017 at the Commercial Court, 330 University Avenue.

Additional information about this case is available at www.glgiclassaction.com

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