

CAUTION:

The case of *Global Chinese Press v. Zhang* has not yet proceeded to trial.

Robert Fleming Lawyers presents the following decision for the purposes only of illustrating the arguments advanced and the legal principles at issue.

No judicial finding has been made against any of the persons named in the following decision.

The reader should not assume that any of the persons named the following decision are guilty of any misconduct of any kind.

# IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Global Chinese Press Inc. v. Zhang*,  
2014 BCSC 2344

Date: 20141121  
Docket: S148822  
Registry: Vancouver

Between:

**Global Chinese Press Inc.**

Plaintiff

And

**Jane Zhang a.k.a. Yan Zhang,  
Joanna Zhang a.k.a. Fan Zhang,  
Justin Zhang a.k.a. Ying Zhang,  
Frank Huang a.k.a. Yunrong Huang,  
Daniel Liu a.k.a. Chih-Hsiung Liu a.k.a. Chil-Hsiung Liu,  
George Liu a.k.a. Guoqing Liu a.k.a. Guoqing Liu,  
Jackie Zhang a.k.a. Jing Zhang,  
GCP Media Group Inc., New Leaf Media Inc. and  
3Pawsoft Enterprises Inc.**

Defendants

Before: The Honourable Mr. Justice Macintosh

## **Oral Reasons for Judgment**

In Chambers

Counsel for Plaintiffs:

Robert S. Fleming  
Daniel C.F. Cowper

Place and Dates of Hearing:

Vancouver, B.C.  
November 17-19, 2014

Place and Date of Judgment:

Vancouver, B.C.  
November 21, 2014

[1] **THE COURT:** The Plaintiff seeks four orders. The relief sought includes a Mareva injunction, an Anton Pillar order and the appointment of a receiver. The Plaintiff's application was heard *ex parte*. As a result, these reasons are intended in large part to recite what has occurred to this point in the proceeding, as opposed to adjudicating a dispute between parties appearing in the

ordinary course on a contested matter. Of course the reasons will pronounce the outcome of the application as well.

[2] The Plaintiff is a company federally incorporated in Canada. It carries on business as a newspaper and magazine publisher for the Chinese community, primarily in the Lower Mainland and in Toronto. It is based in Burnaby, British Columbia, and has or has had operations in Toronto as well. I will refer to the Plaintiff as "GCP".

[3] The Defendant Jane Zhang was the managing director of GCP from 2000 until early April of this year. She controlled the Plaintiff's business afterward for a further one and a half months.

[4] The Defendant Joanna Zhang is Jane Zhang's sister. Until sometime in 2013 or 2014 she was in charge of GCP's sales.

[5] The Defendant Justin Zhang is the brother of the first two Defendants I have named.

[6] The Defendant Frank Huang is Joanna Zhang's husband. He was the editor-in-chief at GCP until approximately April of last year.

[7] The Defendant George Liu is Jane Zhang's husband. He was a beneficial shareholder of GCP.

[8] The Defendant Daniel Liu was the head of sales at GCP. He is now the senior manager of the Defendant New Leaf Media Inc. and the Defendant GCP Media Group Inc. He is also a director of New Leaf Media Inc.

[9] The Defendant Jackie Zhang was a key salesperson at GCP and had other roles as well.

[10] The Defendant GCP Media Group Inc. is the corporate receptacle of the publications founded and owned by the Plaintiff, GCP. Until October of 2012, the two directors of GCP Media Group Inc. were Jane Zhang and George Liu. They resigned, and when they did, Joanna Zhang became a director of that company. The change of directors in October 2012 was backdated to July 28, 2010.

[11] Jane Zhang, Joanna Zhang, Frank Huang, David Liu and Jackie Zhang were all employed at GCP.

[12] The Defendant New Leaf Media Inc. is a B.C. company which was incorporated in July of last year. Its directors are Joanna Zhang, Frank Huang and Daniel Liu. New Leaf Media Inc. launched a publication called *New Leaf Weekly*.

[13] The Defendant 3Pawsoft Enterprises Inc. is also a B.C. company. Its directors include Jane

Zhang and Justin Zhang. It was used to acquire and maintain control of GCP's assets in April and May of this year. GCP was owned entirely by Jane Zhang and George Liu until approximately 2005. At that time, half the shares in the company were sold to a third party investor, Mr. Bolun Li. His wife, Ms. Si, controls those shares through a numbered company.

[14] The four orders as the Plaintiff sought them at the beginning of the application are found as Schedules A through D respectively of the Plaintiff's notice of application filed November 17, 2014. Schedule A sought a Mareva injunction; Schedule B an Anton Pillar order; Schedule C the appointment of a receiver; and Schedule D the production of certain information or property, prohibitions on solicitation of clients and other relief linked to allegedly unfair competition by the Defendants against GCP.

[15] The Plaintiff requested that the file be sealed, but not that the court be closed during the application. I addressed that issue incrementally, sealing the file on the first day of the three-day hearing and considering the sealing issue afresh on each of the next two days. As I give these reasons, the file is sealed until 4:00 p.m. today, Friday, November 21.

[16] The *ex parte* hearing proceeded, as I noted above, over three court days. Although the sitting schedule was somewhat irregular because of other matters which were before me, this hearing eventually occupied the 12 hours of hearing time which three court days normally provide.

[17] The facts of the case can be gleaned from two documents, which are schedules A and B respectively to these reasons.

[18] Schedule A contains speaking notes relied upon before me by one of the Plaintiff's counsel, Mr. Cowper. He deleted para. 54 dealing with the Mareva injunction application because Mr. Fleming, the Plaintiff's other counsel, addressed that part of the application before me. Mr. Cowper in his oral submissions also qualified para. 31 of Schedule A, but advised that what is found there is correct, subject to his explanation to me placing the facts in that paragraph in their proper context. Schedule B to these reasons, entitled "Chronology Aide Memoire", is a six-page summary of the facts in point form with the source from the filed evidence included in support of each of the facts listed there.

[19] A reader of these reasons should review Schedules A and B to obtain an overview of the facts upon which my conclusions here are based.

[20] Schedule C to these reasons is the index to the case authorities counsel relied upon before me. Their oral submissions focussed on the authorities at tabs 1, 16-18, 28 and 30-32 in Schedule C, but included brief references to other of the authorities as well.

[21] Thousands of pages of evidence were presented to me in six large-sized binders.

[22] Counsel on *ex parte* applications face the always-difficult task of attempting to fulfil their rigorous obligations of full disclosure. Mr. Fleming in the course of his oral submissions handed me a document summarizing the points the other side might have made on the application. That document forms Schedule D to these reasons. He elaborated for me on the points there, and over the three days of hearing, I raised other possible points, as did he, which he addressed to my satisfaction. On an *ex parte* application, the court can never know for certain that there has been the required full disclosure, but I say here that I have the impression that the full disclosure obligation was taken on in good faith and was satisfied.

[23] From reading Schedules A and B to these reasons and hearing the submissions of Messrs. Fleming and Cowper over the three days of the hearing, the following facts emerged, which allowed for the following conclusions. The Defendants have hijacked the Plaintiff's publishing business and the Plaintiff's assets. They have done so gradually over perhaps the past five years. Their actions have been tortious and have breached contractual obligations.

[24] I pause to say this: Because the reasons are pursuant to an *ex parte* application by the Plaintiff, I am not delineating the individual conduct of each Defendant. To do so would occupy dozens of pages of reasons and several more days of judicial writing than the required timing of this process permits. I say here only that I was satisfied there was the required evidentiary base for making each of the orders contained in these reasons, recognizing that not all of the orders granted are against every Defendant.

[25] The lead actor among the Defendants was Jane Zhang. Her conduct and the conduct of the Defendants as a whole leads to the following conclusions as to what Ms. Zhang did, aided and abetted by the other Defendants:

- Misleading Mr. Li from 2009 onward as to the true state of affairs at GCP. (At all the material times, Mr. Li owned 50% of the shares in GCP.);
- Refusing Mr. Li audit requests and access to records of GCP as required by law;
- Taking or diverting funds belonging to GCP without authority while claiming insolvency of that company on unfounded bases;
- Incrementally transferring operating assets from GCP to the Defendant companies controlled directly and indirectly by various of the Defendants;
- Falsely creating a debt to the Toronto-Dominion Bank and using that as a device

for wrongly permitting a receivership to proceed against GCP;

- Opposing Mr. Li's requests for an audit of GCP, which I have touched upon above, and making false statements to this Court and advancing a groundless appeal in connection with that process;
- Refusing to comply with court orders regarding the audits of GCP and giving further false information to this Court in the course of that process;
- Appointing a receiver on behalf of the Defendant 3Pawsoft Enterprises Inc. over the assets of GCP while Ms. Zhang remained as a director of GCP and only resigned as a director of that company when she was confronted with her undisclosed conflict of interest;
- Maintaining operating control of GCP even after having been forced to resign as a director;
- Giving false representations to this Court to facilitate the receiver auctioning the assets of GCP, being various publications founded by GCP;
- Arranging with the receiver to license all those properties of GCP back to Ms. Zhang or entities she controlled;
- Acting against the interests of GCP when she had a duty to protect those interests;
- Leaving GCP while taking client lists with her which were the property of GCP;
- Unlawfully destroying and removing documents from GCP; and
- Diverting assets, including money, advertising contacts and customer lists, away from GCP to one or more of the Defendants.

[26] I do not suggest that I have exhaustively run to ground the points I have enumerated above, but the evidence which I have had the opportunity to review, supplemented by the oral submissions of counsel, leads me to conclude that there is a strong *prima facie* case in support of each of these points.

[27] I am granting the four orders requested as they have been modified as a result of the exchange between the Court and Plaintiff's counsel over the three days of the hearing. A further modification arose after the hearing, as a result of the Court's questions on day three of the hearing, whereby the fourth order requested, Schedule D to the notice of application, no longer

includes the original para. 5 by which certain of the Defendants would have had their employment terminated as a result of the order being granted. That provision is no longer found in the final version of that order, which is the version I am approving. Those are my reasons.

"MACINTOSH J."

**SCHEDULE A**

No.  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

GLOBAL CHINESE PRESS INC.

PLAINTIFF

AND:

JANE ZHANG a.k.a. YAN ZHANG,  
JOANNA ZHANG a.k.a. ,  
YING ZHANG a.k.a. JUSTIN ZHANG,  
FRANK HUANG a.k.a. YUNRONG HUANG,  
CHIH-HSIUNG LIU a.k.a. CHIL-HSIUNG LIU a.k.a.  
GUOQUING LIU a.k.a GEORGE LIU,  
DANIEL LIU, JACKIE ZHANG,  
GCP MEDIA GROUP INC., NEW LEAF MEDIA INC. and  
3PAWSOFT ENTERPRISES INC.

DEFENDANTS

**SPEAKING NOTES OF GLOBAL CHINESE PRESS INC.  
Application brought WITHOUT NOTICE TO ANY OF THE DEFENDANTS**

**Outline**

1. GCP is a federally incorporated company, which publishes Chinese-language publications in Canada. The flagship publication is a newspaper whose English name is 'Global Chinese Press', which has been published biweekly since 2000.
2. This is an application for an interlocutory order to:
  - a. restore GCP's control of publications diverted from it by its erstwhile managing director and her accomplices;
  - b. prevent the defendants from dissipating or concealing funds belonging rightfully to GCP, or owed to GCP;
  - c. prevent the defendants from destroying or concealing evidence of their wrongdoing;

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and

d. prevent the defendants from continuing to breach their duties to GCP.

3. These steps are necessary because:

- a. Jane Zhang, while managing director of GCP, with the assistance of the other defendants, diverted large portions of GCP's business to the possession of GCP Media and New Leaf Media (companies controlled by her and her sister, Joanna Zhang, and their husbands), which assets belong beneficially to GCP;
- b. GCP is entitled to restitution of funds diverted from it by the defendants, and to damages from the defendants, but the defendants have demonstrated a pattern of dishonesty with respect to GCP's funds and have deliberately evaded court orders;
- c. The defendants have dishonestly and in secret destroyed evidence and concealed it from GCP, and there is a reasonable apprehension they will continue to do so if not prevented; and
- d. The defendants, no longer in control of GCP, are withholding from GCP access to its online accounts, and are using those online accounts, as well as customer lists and relationships, and the goodwill associated with, *inter alia*, the "GCP" and "Global Chinese" marks to injure GCP, in breach of continuing duties to GCP.

## Background

4. In 2004, Jane Zhang was the sole shareholder of GCP. She entered into negotiations with Bolun Li, initially on behalf of a Chinese company named CITIC Culture and Media Group Co. Ltd. ("CITIC").
5. From 2006 until 2014, the two directors and equal shareholders of GCP were the defendant Jane Zhang, and Mr. Bolun Li, a citizen and resident of the People's Republic of China.
6. Although Mr. Li became a director of GCP, the management of GCP remained in Jane's sole control until May, 2014.
7. Conflict between Mr. Li and Ms. Zhang began in around 2009, when Ms. Zhang represented that GCP faced imminent bankruptcy, and Mr. Li in response asserted a right to independent verification of the financial state of GCP.
8. On July 17, 2009, Ms. Zhang wrote to Mr. Li, expressing concerns about whether GCP would survive what she described as a decline in GCP's advertising revenues.

9. On August 26, 2009, Ms. Zhang wrote again to Mr. Li, representing that, unless GCP received an infusion of additional capital within the next month, it would need to be closed. She wrote that GCP “after layoffs, reducing the number of pages, reducing the overhead of printing cost and distribution cost... is unable to reach a balance in its income and expenses. It has lost CAD#160,000... We have also used up our line of credit... We must make a decision before early September...” Ms. Zhang requested Mr. Li to either contribute additional capital, or authorize a dilution of shareholdings to allow other investors to provide that capital, or else “Global Chinese Press will not be able to stay in business very long and will have to be closed.”

Perkonig #2, Ex. 2 (Zhang#1, Ex. N, p. 83-84)

10. Ms. Zhang provided, in support of her representations, a statement of earnings and deficit for January 1, 2009 to June 30, 2009. This statement of earnings and deficit indicated that GCP had lost \$160,669.91 in the first six months of 2009, on revenue of \$582,377.21, and expenses of \$743,047,047.12.

Perkonig #2, Ex. 2 (Zhang#1, Ex. N, p. 82)

11. Ms. Zhang’s representations were inconsistent with hardcopy Profit and Loss statements later found in GCP’s offices. Various P&L statements indicated that they had been printed off in 2009, and indicated GCP’s losses during Jan-June 2009 were between \$26,574.63 and \$32,329.93.

Si #1, Ex. 18, 19, 20 (pp. 72, 74, 76)<sup>[1]</sup>

12. Those hardcopy records also indicated that GCP’s Vancouver operations returned to profitability in July 2009.<sup>[2]</sup> One such record indicated that in the month of July 2009, GCP’s Vancouver operations generated a profit of \$59,855.50<sup>[3]</sup> (others indicated that GCP’s Vancouver operations generated less profit that month, of \$3,338.81<sup>[4]</sup> or \$3,774.15<sup>S</sup>). All such records contradict Jane Zhang’s representation in August 2009, that GCP had been unable to balance its income and expenses.
13. Ms. Zhang’s representation that GCP line of credit “was used up” was also inconsistent with GCP’s bank account statements. Those bank account statements show GCP having only drawn down \$31,621.53 of the \$100,000 total available credit at TD, as of August 26, 2009.

14. Mr. Li responded by saying that if Ms. Zhang anticipated the shut-down of GCP's business, he required independent verification of Ms. Zhang's representations concerning the finances of GCP.

Perkonig #2, Ex. 2 (Zhang#1, Ex. O, p. 89)

15. On September 15, 2011, Jane Zhang's lawyer wrote to Mr. Li, representing that Ms. Zhang had "had to, over the past several years, operate the Corporation at a deficit and use her own finds to support the Corporation's business", and that Mr. Li, by not attending directors meetings had "taken actions that force the Corporation to be dissolved and liquidated".

Perkonig #2, Ex. 4 (Devine #2, Ex. I, p. 18)

16. The contemporaneous hardcopy Profit and Loss statements, discovered in GCP's offices contradict these representations:
- a. A Profit and Loss statement for GCP's Vancouver operations has been found for 9 time periods (including some inconsistent overlaps and gaps). Each of the 9 periods shows a profit; <sup>[5]</sup> and
  - b. A Profit and Loss statement for GCP's Toronto operations has been found for 16 time periods (including some inconsistent overlaps and gaps). These records indicate that Toronto's operations showed a profit of \$6,581.67 or \$1,294.42 for the period of January to December 2010 (the latest period covered, while earlier periods showed losses).
17. The current internal records of GCP also do not support Jane's representation that she had been advancing substantial funds to GCP to cover the deficit she alleged existed.
18. The general ledger for GCP's Vancouver operations show Jane Zhang lending a net amount of \$33,397.79 to GCP <sup>[6]</sup> between 2004 and the present (\$31,786 of this amount is attributable to two payments made by Jane from or to a Chinese bank account, on January 10, 2009, and on January 12, 2011); the general ledger for Toronto shows Jane Zhang *owing* \$45,980 to GCP.

Si #2, Ex. A

19. Jane Zhang continued throughout the dispute with Mr. Li, from 2009 through to 2014, to

maintain that the company was generally losing money. The financial statements prepared under her instructions show the company losing \$328,921 over the 2006-2013 financial years, leaving a deficit of \$306,258.

Si #1, Ex. 14 (p. 64)

20. Yet those same statements do not show the company incurring any additional debt during that time aside from drawing down on its \$100,000 overdraft (which, as noted above, Jane falsely represented was exhausted in August 2009). The causes of the draw-down of GCP's line of credit will be dealt with below.

Si #1, Ex. 6-13.

### **Audit Proceedings**

21. On September 21, 2012, Mr. Li commenced a petition, seeking an order that GCP provide audited financial statements as required by law.

Perkonig #2, Ex. 4 (Devine #2, Ex. I, p. 18)

22. Jane caused GCP to oppose the petition, but audits were ordered regardless, on February 26, 2013. Jane then refused to cause GCP to comply with the orders made. The primary reason given for that refusal was an inability to pay the \$40,000 fee set as the auditor's compensation.
23. A contempt application based on Jane's refusal to cause GCP to provide the auditor with copies of requested records was defeated on the basis that the language of the order was not adequately specific to ground a finding of contempt for the impugned conduct.
24. On January 29, 2014, Jane's appeal against the order requiring audited financial statements was dismissed. A contempt application based upon the failure to pay the auditor's retainer was filed seeking a fine and further orders against Jane personally: the application materials were served on Jane Zhang on March 6, 2014.

### **Draining GCP**

25. By March, 2014, Jane Zhang, with the assistance of the other defendants had diverted the majority of GCP's value away from GCP to GCP Media Group Inc. ("Media Group") and New Leaf Media Inc. ("New Leaf").
26. The project was accomplished by:

- a. Diverting cash from GCP, including by:
  - i. Transferring cash and accounts payable belonging to GCP to Media Group;
  - ii. Causing GCP to pay Media Group “commissions” for the sale of advertising space in GCP’s newspaper;
  - iii. Diverting sales for advertising space in GCP’s newspaper to Media Group, allowing Media Group to “buy” the space in GCP’s newspaper on behalf of the advertisers at a reduced rate, allowing Media Group to retain an implied commission;
- b. Diverting the revenue from valuable publications from GCP to Media Group and New Leaf, while using GCP’s goodwill, employees, and distribution network to promote, produce, and distribute the publications:
  - i. New Lady Magazine;
  - ii. Canada Education Guide;
  - iii. Vancouver Travel and Education Guide;
  - iv. Home & Realty Weekly; and
  - v. New Leaf Weekly.

### **Off-Book Cash Diversions**

27. On January 1, 2012, shortly after Jane Zhang had represented to Mr. Li that GCP was losing money, GCP had no debt, and instead of being drawn down on its line of credit, had a \$103,012 positive balance.
28. Over the following six months, at least \$107,301 was transferred out of GCP’s bank account to a bank account belonging to GCP Media Group Inc. The bulk of these funds were transferred out immediately after receipt of the funds by GCP, with neither the receipt nor the transfer out of the funds being recorded on the ledgers of GCP.

Williamson #1, para. 6
29. When GCP’s bookkeeper was asked for the reason these transactions were kept off book, no explanation was provided.

Si #1, para. 123

## **Accounts Receivable**

30. Beginning in around 2009, some of the defendants began instructing clients of GCP to pay Media Group instead of GCP, while causing GCP to pay them commissions for securing the sales.

Si #1, para. 129, 234, Ex. 50, (p. 191-196), Ex. 51 (p. 198-206)

## **GCP Pages Fee**

31. From sometime beginning no later than January 2007, and continuing until at least December 2012, GCP's Toronto operations were subject to a \$2,500 monthly fee, called a "GCP Pages Fee", for an annual cost of \$30,000. The recipient of these payments is indicated as GCP's Vancouver operations, but the Vancouver ledger does not record the receipt of any such revenue.

## **Toronto Rent**

32. In around 2008, Jane Zhang and her husband George Liu purchased office space in Toronto that they then rented to GCP at a rate set unilaterally by Jane until around March 2014.

## **Commissions and Implied Commissions in 2013 and 2014**

33. In around 2013, the Defendants began a campaign of transferring to Media Group a portion of GCP's sales of advertising in GCP's newspaper, artificially suppressing GCP's sales by allowing Media Group to pocket a portion of those sales. They also caused GCP to pay Media Group commissions on sales diverted through it.

Si #1, para. 125.

34. Between January 2013, and March 2014, the amount recorded on the books of GCP's Vancouver operations of paid commissions totaled \$18,769.50 and implied commissions totaled \$67,688.68, for a total of \$86,458.18; the Toronto ledgers record paid commissions of \$2,674.22 during that time.

Si #1, Ex. 42 (p. 157), 44 (p. 161)

## **Commissions and Implied Commissions in 2013 and 2014**

35. In around 2013, the Defendants began a campaign of transferring to Media Group a portion of GCP's sales, artificially suppressing GCP's sales by allowing Media Group to pocket a portion of those sales. They also caused GCP to pay Media Group commissions on sales

diverted through it.

Si #1, para. 124 - 137

## **Diversion of Publications**

36. Beginning no later than 2010, while in exclusive control of GCP, Jane (with the assistance of the other defendants) transferred to Media Group control over several publication opportunities that arose in the course of GCP's business:

Si #1, para. 138 - 159 Perkonig #1

a. the Canadian edition of New Lady and New You magazines, which had been in the control of GCP from 2004 to 2010, until Jane instructed the contracts to be renewed in the name of GCP Media.

Si #1, para. 160-172

Yuan #2, para. 9

b. The "Vancouver Entertainment and Travel Guide" and "Canada Education Guide", which originated as supplements to GCP news in 2010, and which were created using GCP's goodwill, distribution network, and employees;

Si #1, para. 173-180 Si #1,  
para. 181-190 Yuan #2, para.

6 - 8, 9

c. "Home & Realty Weekly" which was created using GCP's goodwill, distribution network, and employees; and

Si #1, para. 191-202

d. "New Leaf Weekly", a weekly Chinese-language magazine which Jane and her sister Joanna launched called, using GCP's goodwill, employees, distribution network, and content suppliers.

Si #1, para. 223-233 Yuan  
#1, para. 2-8

37. These publications continued to enjoy the use of GCP's goodwill, client contacts and relationships, which advantages they are using to compete against GCP.

## Attempt to Foreclose GCP

38. After being served with contempt materials in March 2014, Jane arranged for TD's secured overdraft to be assigned to 3Pawsoft Enterprises Ltd., a company controlled by herself and her brother, Justin Zhang. She then demanded full payment of the debt, and threatened to seize the assets of GCP. Jane did this from behind the veil of 3Pawsoft, without disclosing her involvement, and retaining full control of GCP, including its bank account.
39. When Mr. Li sent an accountant to GCP's offices to investigate its accounts, Ms. Zhang refused to give him access to the majority of the records he requested.
40. The day after eventually providing copies of some of GCP's financial records to Mr. Li's accountant, Jane effectively shut down GCP by causing 3Paws to appoint a receiver, and arranging for all of GCP's assets to be licensed to 3Pawsoft.

## Concealing and Destruction of Evidence

41. Over a period of years, Jane Zhang refused to either provide copies of GCP's internal financial documents to Mr. Li, a director of GCP, or to allow Mr. Li's accounting representative access to GCP's financial records.
42. In the spring of 2012, Mr. Li demanded that his wife be allowed access to GCP's records and staff, Ms. Zhang refused.

Si #1, para. 32

43. In 2012, Mr. Li also demanded copies of GCP's general ledger, and to be allowed to hire an accountant at his own expense to conduct and audit of GCP. Jane Zhang refused.
44. Mr. Li had a statutory right to receive access to GCP's records, and to send an accountant to GCP's offices for the purposes of inspecting those records. Jane Zhang's conduct in withholding those records was unlawful.

*Tyler v. Envacon Inc.*, 2012 ABQB 631

45. When Jane Zhang attempted to use the defendant 3Pawsoft Enterprises Ltd. to seize GCP's assets in satisfaction of a \$100,000 debt, Mr. Li insisted on sending an accountant to GCP's offices against Jane's warning he would not be allowed entry. Jane did permit his entry, but did not provide him with access to the bulk of the records he wished to review.

Si #1, para. 68-72

46. While maintaining control of GCP's business undertaking by way of the receivership, Jane:
- a. When it became known GCP would be redeemed, removed and destroyed paper and electronic records relating to GCP and their misconduct;  

Yuan #1, para. 11-12, 15-18, 19-23  
Si #1, para. 114
  - b. When it became known GCP would be redeemed, instructed employees to destroy other documents missed by her if any were found subsequent to the receivership;  

Yuan #1, para. 14,
  - c. When it became known GCP would be redeemed, advised the employees to quit GCP;  

Yuan #1, para. 13
  - d. Terminated contracts that had previous been held by GCP, renewing some contracts in the name of Media Group and New Leaf; and  

Kwan #1, para. 17-24.  
Yuan #1, para. 50 - 51
  - e. When it became known GCP would be redeemed, advised GCP's former advertisers to no longer to do business with GCP, but only to deal with GCP Media and New Leaf.  

Yuan #1, para. 35 - 36
47. Only upon the redemption of GCP and the taking of a controlling interest therein did Mr. Li and Ms. Si gain access to GCP's records.
48. However, when Ms. Si presented the funds set by court order as the amount for redemption, Jane Zhang refused to allow her access to GCP's premises, or to surrender control.  

Si #1, para. 100- 109.
49. While keeping Ms. Si outside, Jane Zhang deleted documents from GCP computers and instructed employees to hide boxes of records down the back stairs.  

Yuan #1, para. 15-18
50. When the offices were delivered up to Ms. Si, GCP documents including contact information

for clients and templates used to prepare special issues could not be found.

Si #1, para. 112-122

51. Justin Zhang, likely on behalf of his sister Jane, subsequently accessed GCP's server and deleted data from GCP's website, including traces of the webpages used to host the publications diverted to Media Group.

Si #1, para. 115-120

### **Unfair Competition**

52. Since leaving GCP, Jane and her sister and brother have attempted to disrupt GCP's operations by continuing to use the goodwill and brand recognition of 'GCP'.
53. They have maintained control of email and social media accounts belonging to GCP, while conducting a campaign of solicitation of GCP's clients, and blackening the reputation of GCP through defamatory posts on GCP's website.

Si #1, para. 236- 269

Si #2, para. 9-10, 12 – 15

Yuan #1, para. 29 – 52, 56 – 59

Yuan #2, para. 2 – 5, 10 – 12

### **Mareva Injunction**

54. In order for a Mareva injunction to be issued, the applicant must show that:
- a. The applicant has a strong *prima facie* case to succeed at trial;  
  
(GCP has a very strong claim against Jane and the other defendants for breach of fiduciary duty and conspiracy, inter alia.)
  - b. There is a genuine risk that the Defendants have removed or will remove assets from the jurisdiction to avoid the consequences of a judgment, or is dissipating assets;  
  
(The defendants made surreptitious transfers of funds, to themselves or their relations, in order to avoid the effect of the order that an audit of GCP be conducted. This past conduct implies a risk that they will do so to evade the effect of future orders.) And
  - c. The balance of convenience favours the granting of the order.

(The balance of convenience favours the granting of the order, as there is no other means by which GCP may reasonably be expected to secure vindication of its rights against the defendants.)

## Anton Piller Injunction

55. In order to for an Anton Piller injunction to be issued, the applicant must show that:

- a. The applicant has a strong *prima facie* case to succeed at trial;
- b. The damage to the applicant caused by the wrongdoing must be very serious;

The damage to GCP has been very serious. The value of the funds and opportunities transferred out of GCP to GCP Media and New Leaf Media likely exceed the value of the assets remaining to GCP, and GCP continues to suffer loss and injury by GCP Media and New Leafs continuing unfair competition.

- c. There must be convincing evidence that the defendants have incriminating evidence in their possession; and
- d. There must be a real possibility that the defendants may destroy that evidence before the discovery process can do its work.

The defendants secretly removed many boxes of records from the offices of GCP, using deception to do so. The existence of these records satisfies the third and fourth elements of the test, and the defendants' proclivity to destroy incriminating evidence is further established by the evidence of their having:

- i. Deleted GCP employees' emails during the receivership;
- ii. Secretly removed the aforementioned boxes of document from GCP's offices; and
- iii. Erased data from GCP's computers and website.

*Celanese Canada Inc. v. Murray Demolition Corp.*, 2006 SCC 36 at para 35.

## Preservation of Disputed Property and Receivership

56. In the circumstances, the only just outcome is to place GCP Media and New Leaf Media into receivership pursuant to the provisions of Rule 10-2(1) or s. 39 of the Law and Equity Act, [RSBC 1996] c. 253.

57. The classic reasons for court intervention by the appointment of a receiver have been described as:
- a. Evidence of waste;
  - b. The improper disposition of property;
  - c. Improper management;
  - d. A lack of proper accounting; and
  - e. Improper profiting personally.

### **Prohibition Against Unfair Competition**

58. In applying for an interlocutory injunction restraining unfair competition, the applicant must show (i) an arguable case, and (ii) that the balance of convenience favours the granting of the injunction.
59. An order must be granted restraining Jane and the other defendants from their use of GCP's marks and goodwill, their use of GCP's confidential information, their solicitation of GCP's customers and interference with GCP's contractual relationships.

### **Balance of Convenience**

60. Damage done to a business by unfair competition is extremely difficult to quantify, and constitutes irreparable harm.
61. GCP has a strong case that:
- a. Jane and Joanna owed fiduciary duties to GCP, which they are breaching by their direct competition against GCP;
  - b. All of the Defendants are liable for their knowing assistance of Jane and Joanna's breaches of fiduciary duty;
  - c. That the businesses and assets of GCP Media and New Leaf belong beneficially to GCP on constructive trust;
  - d. None of the defendants are permitted to use client lists or any other confidential information belonging to GCP;
  - e. The online accounts of GCP, and accounts using the "GCP" or "Global Chinese"

identifiers should be transferred to the exclusive control of GCP;

- f. The initials "GCP" and the phrase "Global Chinese" cannot be used by the former personnel of GCP in order to compete with GCP. Their use of "GCP" and "Global Chinese" is obviously calculated to appropriate the goodwill of GCP, and to confuse the public.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated: November 17, 2014

"Daniel Cowper"  
lawyer for applicant

VANCOUVER					TORONTO					
Van 2006					Tor Jan - Mar 2006					
Ex. 15 (p. 66)					Ex. 23 (p.82)					
	Income	Expense	Other	Net	Notes		Income	Expense	Net	
Jan-06	\$83,164.27	\$77,154.56	\$21.96	\$6,030.97		Jan-06	\$25,854.14	\$26,211.39	\$357.25	
Feb-06	\$77,318.13	\$78,212.13	\$12.79	\$881.21		Feb-06	\$27,573.61	\$26,263.14	\$1,310.47	
Mar-06	\$82,240.79	\$75,902.67	\$13.73	\$6,351.85		Mar-06	\$23,483.19	\$29,432.73	\$5,949.54	
Apr-06	\$73,312.33	\$86,882.52	\$14.02	\$13,556.17						
May-06	\$74,437.16	\$76,474.74	\$11.58	\$2,049.16						
Jun-06	\$80,079.02	\$80,011.59	\$88.03	\$20.60						
Jul-06	\$71,681.65	\$75,080.97	\$7.37	\$3,391.95						
Aug-06	\$83,040.09	\$78,952.47	\$42.26	\$4,045.36						
Sep-06	\$93,058.70	\$79,560.88	\$12.36	\$13,510.18						
Oct-06	\$81,662.87	\$78,481.28	\$13.39	\$3,194.98						
Nov-06	\$83,077.90	\$81,828.57	\$14.26	\$1,263.59						
December missing										
Total	\$883,072.91	\$868,542.38	\$32.69	\$14,497.84		Total	\$76,910.94	\$81,907.26	\$4,996.32	
Van 2007	Print Date: 1-26-09					Van 2007	Print Date: ?-07			
Ex. 16 (p. 66)	Income	Expense	Other	Net	Notes	Ex. 23 (p.82)	Income	Expense	Other	Net
Jan-07	\$83,745.67	\$79,606.46	\$0.00	\$4,139.21		Jan-07	\$20,777.28	\$26,634.57		\$5,857.29
Feb-07	\$93,382.85	\$77,999.28	\$57.21	\$15,326.36		Feb-07	\$41,644.61	\$26,944.32		\$15,100.29
Mar-07	\$90,225.74	\$78,301.04	\$32.78	\$11,957.48		Mar-07	\$35,918.63	\$33,418.63		\$2,500.00
Apr-07	\$83,587.21	\$88,094.67	\$433.73	\$4,073.73		Total	\$98,340.52	\$86,597.52		\$11,743.00
May-07	\$88,428.71	\$74,482.27	\$421.36	\$13,525.08						
Jun-07	\$109,404.74	\$76,763.91	\$105.22	\$32,746.05						
Jul-07	\$73,318.29	\$73,648.44	\$4.72	\$325.43						
Aug-07	\$94,484.55	\$94,494.36	\$0.00	\$9,540.90						
Sep-07	\$89,926.68	\$84,176.55	\$68.90	\$5,881.23						
Oct-07	\$89,037.71	\$85,539.93	\$45.77	\$3,452.01		Ex. 24 (p. 84) (Jan-Dec 07)	\$362,514.97	\$344,382.08		\$18,152.89
Nov-07	\$99,824.27	\$91,631.66	\$0.00	\$8,192.61		Ex. 25 (p.86) (Jan-Dec 08)	\$326,069.58	\$326,856.41	\$467.28	\$1,254.11
Dec-07	\$155,816.00	\$157,723.58	\$120.92	\$1,786.66						
Total	\$1,151,182.82	\$1,052,911.75	\$104.13	\$98,375.20						
Van 2008	Print Date: 1-26-09					Van 2008	Print Date: ?-07			
Ex. 17 (p. 70)	Income	Expense	Other	Net	Notes	Ex. 24 (p.84) (Jan-Dec 07)	\$286,820.08	\$367,902.81		\$81,082.73
Jan-08	\$81,072.43	\$91,734.28	\$29.38	\$10,691.23		Ex. 25 (p.86) (Jan-Dec 08)	\$257,746.09	\$348,926.28	\$74.82	\$91,255.01
Feb-08	\$106,021.98	\$87,902.96	\$53.21	\$18,065.81						
Mar-08	\$69,3879.39	\$80,618.91	\$0.00	\$11,239.52						
Apr-08	\$76,478.35	\$94,133.75	\$8.27	\$17,663.67						
May-08	\$89,363.06	\$91,097.29	\$0.00	\$1,734.23						
Jun-08	\$78,112.73	\$82,758.83	\$15.51	\$4,630.59						
Jul-08	\$87,804.12	\$85,082.12	\$0.03	\$2,721.97						
Aug-08	\$91,129.95	\$85,890.90	\$0.99	\$5,238.06						
Sep-08	\$98,049.85	\$85,122.34	\$0.00	\$12,927.51						
Oct-08	\$127,623.27	\$95,166.59	\$0.00	\$32,456.68						
Nov-08	\$132,125.38	\$116,726.40	\$0.00	\$15,398.98						
Dec-08	\$106,866.16	\$99,503.87	\$117.99	\$7,244.30						
Total	\$1,144,026.67	\$1,095,738.24	\$194.38	\$48,094.07						
Van 2009	Print Date: 11-26-09					Van 2009	Print Date: ?-09			
Ex. 18 (p. 72)	Income	Expense	Other	Net	Notes	Ex. 26 (p. 88)	Income	Expense	Other	Net
Jan-09	\$106,415.19	\$88,204.22	\$205.94	\$18,416.91		Jan-09	\$17,149.81	\$24,271.64		\$0.00
Feb-09	\$72,285.20	\$80,016.85	\$39.21	\$7,770.86		Feb-09	\$25,437.31	\$22,956.55		\$0.00
Mar-09	\$75,585.22	\$80,403.82	\$44.38	\$4,862.98		Mar-09	\$13,965.05	\$23,320.85		\$0.00
Apr-09	\$76,740.86	\$85,078.26	\$16.78	\$8,354.38		Apr-09	\$13,529.97	\$22,878.87		\$0.00
May-09	\$86,722.61	\$86,558.33	\$37.00	\$1,164.28		May-09	\$10,437.79	\$19,161.44		\$0.00
Jun-09	\$72,025.75	\$75,410.75	\$2.00	\$3,387.00		Jun-09	\$28,415.75	\$17,175.64		\$0.00
Jul-09	\$84,831.10	\$81,091.45	\$34.50	\$3,774.15		Total	\$108,935.68	\$129,764.99	\$0.29	\$20,829.60
Aug-09	\$76,079.27	\$73,099.41	\$18.40	\$2,998.26						
Sep-09	\$80,873.19	\$76,424.30	\$86.22	\$4,362.67						
Oct-09	\$126,575.18	\$99,699.18	\$162.69	\$26,713.31						
Total	\$858,143.37	\$825,984.57	\$55.44	\$32,103.36						
Van 2009-10	Print Date: 4-19-10					Van 2009-10	Print Date: ?-24-11			
Ex. 19 (p. 74)	Income	Expense	Other	Net	Notes	Ex. 30 (p.98) Jan-Dec 2009	\$273,098.47	\$351,531.26	\$0.63	\$78,433.42
May-09	\$76,839.82	\$85,401.96	\$37.00	\$8,525.14		Ex. 31 (p.98) Jan-Dec 2009	\$286,348.75	\$331,964.14	\$0.63	\$45,616.02
Jun-09	\$63,652.24	\$90,256.80	\$2.00	\$26,605.56						
Jul-09	\$112,132.10	\$34,500.00	\$11.50	\$79,652.60						
Aug-09	\$55,559.36	\$77,661.51	\$18.40	\$22,083.75						
Sep-09	\$70,962.12	\$78,311.159	\$86.32	\$7,435.79						
Oct-09	\$106,893.13	\$72,901.23	\$162.69	\$33,829.21						
Nov-09	\$88,608.65	\$78,311.59	\$16.95	\$10,440.15						
Dec-09	\$60,729.34	\$100,650.29	\$11.50	\$39,804.45						
Jan-10	\$81,949.69	\$89,452.82	\$14.72	\$7,488.41						
Feb-10	\$76,648.24	\$74,363.90	\$7.00	\$2,291.34						
Mar-10	\$103,780.60	\$74,092.37	\$0.00	\$29,688.23						
Total	\$897,755.29	\$873,488.02	\$110.94	\$24,156.33						
Van 2009-10	Print Date: 4-19-10					Van 2009-10	Print Date: ?-06-11			
Ex. 20 (p. 76)	Income	Expense	Other	Net	Notes	Ex. 28 (p. 92/93)	Income	Expense	Other	Net
May-09	\$87,113.56	\$86,556.33	\$37.00	\$594.23		Oct-09	\$32,343.61	\$29,843.63		\$2,499.98
Jun-09	\$72,018.70	\$75,410.75	\$2.00	\$3,394.05		Nov-09	\$22,734.63	\$25,898.32		\$3,163.69
Jul-09	\$84,631.10	\$81,326.79	\$34.50	\$3,308.81		Dec-09	\$26,655.93	\$28,429.93		\$1,774.00
Aug-09	\$75,944.87	\$74,957.64	\$18.40	\$9,804.45		Jan-10	\$36,880.54	\$28,421.38		\$1,540.84
Sep-09	\$77,175.59	\$76,661.55	\$86.32	\$1,005.63		Feb-10	\$39,850.35	\$29,236.28		\$10,614.07
Oct-09	\$120,698.71	\$100,088.09	\$162.69	\$20,447.93		Mar-10	\$20,485.65	\$26,425.65		\$5,940.00
Nov-09	\$71,613.48	\$74,762.45	\$16.95	\$3,132.02		Apr-10	\$24,975.13	\$28,134.76		\$3,159.63
Dec-09	\$75,550.20	\$73,528.74	\$11.50	\$2,022.96		May-10	\$20,513.09	\$34,294.76		\$13,741.67
Jan-10	\$80,136.67	\$77,370.68	\$14.72	\$2,780.71		Jun-10	\$34,251.64	\$29,333.00		\$4,918.64
Feb-10	\$95,661.16	\$76,420.59	\$7.00	\$19,247.57		Jul-10	\$24,068.71	\$28,986.62		\$4,917.91
Mar-10	\$101,908.03	\$86,531.10	\$0.00	\$15,376.93		Aug-10	\$29,684.49	\$25,904.09		\$3,780.40
Total	\$942,452.07	\$883,614.71	\$110.94	\$58,726.42		Sep-10	\$31,649.58	\$31,962.62		\$313.04
Van 2009-10	Print Date: ?-10					Oct-10	\$42,439.29	\$32,954.75		\$9,484.54
Ex. 21 (p. 78)	Income	Expense	Other	Net	Notes	Total	\$376,532.64	\$379,785.79	\$0.00	\$3,253.15
Dec-09	\$75,582.20	\$73,325.79	\$11.50	\$2,267.91						
Jan-10	\$80,136.67	\$76,954.35	\$14.72	\$3,197.04						
Feb-10	\$95,625.16	\$75,813.81	\$7.00	\$20,111.35						
Mar-10	\$89,111.17	\$79,979.32	\$0.00	\$9,131.85	(hand-altered)					
Total	\$340,755.20	\$306,073.27	\$33.22	\$34,715.15						
Van 2009-10	Print Date: ?-07					Van 2009-10	Print Date: ?-06-11			
Ex. 22 (p. 82)	Income	Expense	Other	Net	Notes	Ex. 29 (p. 95/96)	Income	Expense	Other	Net
Jan-10	\$83,164.27	\$77,154.56	\$21.96	\$6,030.97		Jan-10	\$24,265.21	\$28,255.89		\$3,990.68
Feb-10	\$77,318.13	\$78,212.13	\$12.79	\$881.21		Feb-10	\$19,342.14	\$17,942.57		\$1,399.57
Mar-10	\$82,240.79	\$75,902.67	\$13.73	\$6,351.85		Mar-10	\$27,997.36	\$23,193.94		\$4,798.42
Apr-10	\$73,312.33	\$86,882.52	\$14.02	\$13,556.17		Apr-10	\$44,830.43	\$48,624.40		\$3,793.97
May-10	\$74,437.16	\$76,474.74	\$11.58	\$2,049.16		May-10	\$34,589.46	\$29,528.77		\$5,060.69
Jun-10	\$80,079.02	\$80,011.59	\$88.03	\$20.60		Jun-10	\$17,412.87	\$25,031.96		\$7,619.09
Jul-10	\$71,681.65	\$75,080.97	\$7.37	\$3,391.95		Jul-10	\$35,418.59	\$27,314.54		\$8,104.05
Aug-10	\$83,040.09	\$78,952.47	\$42.26	\$4,045.36		Aug-10	\$23,436.50	\$26,001.02		\$2,564.52
Sep-10	\$93,058.70	\$79,560.88	\$12.36	\$13,510.18		Sep-10	\$31,229.26	\$28,334.33		\$2,894.93
Oct-10	\$81,662.87	\$78,481.28	\$13.39	\$3,194.98		Oct-10	\$29,472.87	\$29,301.19		\$171.68
Nov-10	\$83,077.90	\$81,828.								

Van May 2008-March 2009, May 2009-March 2010	Revenue	Expenses	Other	Net
Ex. 22 (p. 90)	\$1,034,184.13	\$889,973.23	\$18.85	\$44,210.90
2008-2009	\$942,452.07	\$883,614.71	\$110.94	\$58,837.36
2009-1010				

Aggregate Vancouver Net Income:  
Unduplicated Vancouver Income

\$413,716.63  
\$188,192.33

	Nov-10	\$33,005.63	\$37,033.78	\$4,028.15
	Dec-10	\$37,048.14	\$36,322.23	\$725.91
Total		\$356,048.46	\$356,889.52	\$1,158.84
Ex. 30 (p.98) Jan-Dec 2010	Print Date: ?1-24-11	\$385,848.23	\$384,553.81	\$1,294.42
			Expense of "GCP Pages Fee" \$30,000, Expense of "Of	
			\$0.00	\$0.00
Ex. 31 (p100) Jan-Dec 2010	Print Date: ?1-24-11	\$331,639.86	No Expense of "GCP Pages Fee", "Office Rent" \$11,4	\$6,581.67
			\$325,058.19	\$0.00
Ex. 32 (p.102)			Print Date: 07-04-11	"GCP Pages Fee" \$2500, Expense of
"Office Rent" \$1	May-11	\$15,929.97	\$29,097.58	\$0.00
				\$13,167.61
				\$365,020.96

Aggregate Toronto Net Income:

**VANCOUVER & TORONTO NET INCOME**

**Unaudited Financials**

**REPRESENTATION PERIOD**

Jan – June 2009	Vancouver (Ex. 18, p. 72) Toronto (Ex. 27, p. 90)			Total	Jan – June 2009 Ex. 8 (p. 32) Jan 1 to Jun 30, 2009
Revenue	\$489,784.63	\$114,308.70		\$604,093.33	\$582,377.21
Expenses	\$495,670.23	\$140,893.31		\$636,563.54	\$743,047.12
Net	\$5,745.03	\$26,584.90		\$32,329.93	\$160,669.91

	Toronto Ex. 26 (p. 88)			
Revenue		\$108,935.68		
Expenses		\$129,765.28		
		\$20,829.60		\$26,574.63

**SCHEDULE B**

No. S-148822 Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

GLOBAL CHINESE PRESS INC.

PLAINTIFF

AND:

JANE ZHANG a.k.a. YAN ZHANG,  
JOANNA ZHANG a.k.a. ,  
YING ZHANG a.k.a. JUSTIN ZHANG,  
FRANK HUANG a.k.a. YUNRONG HUANG,  
CHIH-HSIUNG LIU a.k.a. CHIL-HSIUNG LIU a.k.a.  
DANIEL LIU, GUOQUING LIU a.k.a GEORGE LIU,  
JACKIE ZHANG,

GCP MEDIA GROUP INC., NEW LEAF MEDIA INC. and 3PAWSOFT ENTERPRISES INC.

DEFENDANTS

**CHRONOLOGY – AIDE MEMOIRE**

**Application brought WITHOUT NOTICE TO ANY OF THE DEFENDANTS**

Date	Event	Ref
2000	Global Chinese Press Inc. ("GCP") incorporated, begins publishing a newspaper (the "Newspaper"), for distribution in Canada.	
2000 – 2004	Jane Zhang is the sole shareholder of GCP, but holds 50% of her shares on behalf of her husband, the defendant George Liu.	Perkonig #2, Ex. 2 (Zhang #1, para. 3.)

**CAUTION:** This case has not yet proceeded to trial and the reader should not assume that any of the persons named are guilty of any misconduct of any kind.

2004	Ms. Zhang agrees to sell 51% of GCP to a Chinese company, "CITIC Media".	Perkonig #2, Ex. 2 (Zhang #1, para. 4.)
May 2006	The shares to be sold to CITIC Media are instead sold to Bolun Li.	Perkonig #2, Ex. 2 (Zhang #1, para. 6.)
May 22, 2006	Bolun Li and Ms. Zhang are 50/50 registered shareholders and the two directors of GCP.	Perkonig #2, Ex. 4 (Devine #1, para. 8, Ex. B)
May - August, 2009	During this period, Bolun Li obtains permanent residence in Canada.	Perkonig #2, Ex. 2 (Zhang #1, Exhibits pages 73, 78, 83.)
July 17, 2009	Jane writes to Bolun Li that GCP "has suffered serious losses and cash flow shortages" since the beginning of 2009, asks Bolun Li to extend "support" so that GCP "can survive this crisis".	Perkonig #2, Ex. 2 (Zhang #1, Exhibit page 78.)
August 26, 2009	Jane writes to Bolun Li that GCP has (1) maxed out its \$100,000 line of credit (2) lost \$160,000 from January – June 2009, and (3) despite spending cuts had been unable to break even. (All of these representations are contradicted by the contemporaneous records.) Ms. Zhang represents that without additional capital, GCP will need to close within a month. No capital is added: GCP continues.	Perkonig #2, Ex. 2 (Zhang #1, Exhibit page 78.)
August 28, 2009	Bolun Li responds, indicating that before he agrees to shutting down GCP, he requires independent verification of GCP's poor finances by way of an audit.	Perkonig #2, Ex. 2 (Zhang #1, Exhibit page 78.)
September, 2009	GCP published the 60 <sup>th</sup> Anniversary of the People's Republic of China issue. Media Group now claims to have done so, although the publication itself is printed "Copyright Global Chinese Press".	Si #1, para. 203 Ex. 113
Feb 1, 2010	GCP Holdings Changes its name to "GCP Media Group Inc."	Quinn #1, Ex. 1 (p. 9)
March, 2010	"Canada Education Guide" is first launched. Its publication data shows it having been produced under the "editorial supervision" of GCP, by GCP employees, but the publisher is identified as Media Group.	Si #1, para.
2010	"Vancouver Travel and Education Guide" is launched. Its publication data shows it having been produced at GCP's office, by GCP employees, but the publisher is identified as Media Group.	Si #1, para. 173
2010	40 <sup>th</sup> Anniversary of Canada-China Diplomatic Relations, another special publication of GCP is published.	Si #1, para. 206, Ex. 123/123A
June, 2011	Home & Realty Weekly is launched. By April 2012, it generates more than \$219,000 of revenue.	Si #1, Ex. 39.
September 11, 2011	Ms. Zhang offers to buy Mr. Li's shares for \$100,000, representing that the company is in dire financial straits.	Perkonig #2, Ex. 4 (Devine #2, Ex. I, p. 18)
2012	Media Group begins publically advertising itself as the	Si #1, 240, Ex.

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	owner of the GCP newspaper.	145, Perkonig #1, Ex. 64
January 1, 2012	GCP has no debt other than to shareholders. It has over \$100,000 of positive balance on its line of credit.	Si #1, para. 86 (b)
April, 2012	Mr. Li offers to pay for an audit. Jane does not agree to an audit being conducted, even if Mr. Li pays.	Si #1, para. 31-35
January-June 2012	\$107,000 is transferred from GCP's bank account to Media Group, without any record being made of the transfers on GCP's ledger. This places GCP in overdraft on its secured line of credit.	Williamson #1, para. 6-7, Si#1, para. 86 (b)
September 21, 2012	Mr. Li commences a petition seeking an audit of GCP, as required by the CBCA, based upon his status as shareholder.	Si #1, para. 36
October 3, 2012	A Change of Director form is filed, indicating that Jane and George resign as the directors of Media Group, and are replaced by Joanna and a third party. The documents states that the change was retroactive to July 28, 2010	Quinn #1, Ex. 2 (p.12)
November 16, 2012	Mr. Li requests copies of GCP's internal documents, to which he has a statutory right as a director. Ms. Zhang refuses to provide them until Ms. Li "proves" he is a proper shareholder. (Jane has already received confirmation in writing from CITIC that Mr. Li is indeed the correct shareholder.)	Si #1, para. 40
December 7, 2013	The Wayback Machine records first instance of Media Group's website, www.gcpmedia.ca.	Perkonig #1, Ex. 54
February 25, 2013	Master Bouck strikes the pleading that Mr. Li does not have standing as a shareholder of GCP.	Perkonig #2, Ex. 10
February 26, 2013	Mr. Justice Greyell orders audits of GCP for 2009-2012.	Si #1, para. 41
March 26, 2013	GCP files a Notice of Appeal from the order of Mr. Justice Greyell	Perkonig #2, Ex. 23
May 1, 2013	Jane, having retained Lunny Atmore LLP following the decision of Mr. Justice Greyell, calls a director's meeting, at which she makes various representations now known to be false and misleading.	Si #1, para. 46 - 47
May 8, 2013	Mr. Li's nominee for auditor, Catherine Brandt, appointed and remuneration fixed at \$40,000. Ms. Si would ultimately cause GCP to incur \$65,000 in fees to Lunny Atmore LLP, all of which was following the order of Mr. Justice Greyell.	Si #1, para. 50-53, Ex. 5
August 2013	New Leaf Weekly is launched, prepared by GCP employees or former employees, with advertisements placed by GCP clients, and distributed using GCP's distribution network.	Si #, para. 223-233, Yuan #1, para. 53-55.
October 30, 2013	Madame Justice Gropper dismisses Mr. Li's application filed September 13, 2013, to have GCP held in contempt for failing to respond to the auditor's document requests.	Perkonig #2, Ex. 22
October - December 2013	New Leaf website launches www.newleafweekly.com	Perkonig #1, Ex. 60-61
January 29,	GCP's appeal from the order of Mr. Justice Greyell is	Perkonig #2, Ex.

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2014	unanimously dismissed from the bench.	27
March 5, 2014	Mr. Li files a second contempt application seeking penalties against Jane personally.	Perkonig #2, Ex. 29
March 9, 2014	Jane causes 3Pawsoft Enterprises Ltd. to acquire GCP's \$100,000 secured overdraft from TD Bank.	Perkonig #2, Ex. 39
March 10, 2014	Jane executes a \$20,000 promissory note as owing from GCP to 3Pawsoft.	Perkonig #2, Ex. 39
March 12, 2014	Counsel for 3Pawsoft writes seeking to exercise security and seize the assets of GCP in voluntary foreclosure in satisfaction of GCP's \$100,000 debt. No connection between Jane and 3Pawsoft is disclosed.	Perkonig #2, Ex. 42A
March 18, 2014	Mr. Li sends an accountant to GCP's offices, who is denied access to the general ledger of the company, and only permitted access to limited records. Ms. Zhang told him the ledger and other documents would not be provided until an unspecified future time.	Perkonig #2, Ex. 40, Si #1, para. 68-72.
March 18, 2014	Master Muir grants an adjournment of the contempt application on the basis of Ms. Zhang's new counsel requiring time to prepare.	Perkonig #2, Ex. 41
March 20, 2014	Bank statements for GCP's Vancouver account (the secured line of credit, or overdraft account) are provided to Mr. Li, along with T4s, etc.	Perkonig #2, Ex. 43B-43J
April 2, 2014	GCP provides Mr. Li with Excel spreadsheets of its Toronto and Vancouver ledgers, and other requested internal documents.	Perkonig #2, Ex. 48-60.
April 2013	Frank Huang resigns as Chief Editor of GCP to participate in a provincial election. After the election, he becomes chief editor of Media Group and New Leaf.	Yuan #1, para. 26, Perkonig #1, Ex.
April 3, 2014	Jane Zhang resigns as a director of GCP.	Si #1, para. 83
April 3, 2014	3Pawsoft places GCP into receivership.	Si #1, para. 81
April 3, 2014	The assets and business of GCP are licenced back to 3Pawsoft.	Si#1, para. 82
April 15, 2014	3Pawsoft commences a petition, seeking a declaration that its receivership is valid, and that if GCP is to be redeemed, it must fully reimburse 3Pawsoft for its legal and receiver's fees.	Perkonig #2, Ex. 44
April 29, 2014	Mr. Li, having control of GCP, causes it to offer to repay the \$100,000 debt, but not the collection costs.	Si #1, para. 94.
May 13, 2014	Mr. Justice Masuhara grants 3Pawsoft's petition. He fixes the amount payable to redeem GCP as \$250,000.	Perkonig #2, Ex. 62
May 16, 2014	Ms. Si, on behalf of GCP, delivers \$250,000 to 3Pawsoft to redeem GCP's assets, and demands control of the premises. Jane refuses. While Ms. Si is kept outside, Jane destroys and conceals documents for future removal inside GCP's offices.	Si#1, para. 101-106, Yuan #1,
May 16, 2014	Mr. Justice Masuhara extends the receivership until May 20, 2014.	Si #1, para. 108.
May 16 -20, 2014	Jane and her accomplices destroy, alter, and remove records from GCP's computers, office and an employee's	Yuan #1, para. 9 – 23. Si #1,

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	web-based email.	
May 20, 2014	GCP recovers possession of its business, as Annie Si redeems GCP from 3Pawsoft. Jane Zhang surrenders the premises.	Si #1, para. 110.
June 1, 2014	Jane, Joanna, Jackie, Frank, Daniel working out of Kingsway office for both New Leaf and Media Group.	Yuan #1, para.
June 10, 2014	Justin Zhang logs onto GCP's server using a loop-hole, deletes data.	Si #1, 115-199
June 25, 2014	The New Lady, Education Guide, Travel Guide and webpages on GCP's website are recorded on the Wayback Machine as having been deleted. The Home & Realty webpage is subsequently found to have also been deleted.	Perkonig #1, Ex. 33B/33C, 43/44, 49A/50 36/37.
October 2014	New Leaf Times launched by defendants, a direct competitor to GCP, following solicitation of ads from GCP's clients.	Yuan #1, para. 56-59, Si #1, para. 267-269; Perkonig #3, Ex. A
Present	Advertisers, employees and distribution contractors still confused about relationship between GCP and Media Group/New Leaf. Joanna, Jackie and other Media Group/New Leaf personnel continue to use emails with the form of name.gcp@gmail.com, and Joanna continues to use the email address van.gcp@gmail.com to solicit GCP's customers.	Yuan #1, 24, 31-43, 56-58 Yuan #2, para. 2-5, 10-12. Perkonig #1, Ex. 64, 65

## SCHEDULE C

No.  
Vancouver Registry

### IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

GLOBAL CHINESE PRESS INC.

PLAINTIFF

AND:

JANE ZHANG a.k.a. YAN ZHANG,  
JOANNA ZHANG a.k.a. FAN ZHANG,  
JUSTIN ZHANG a.k.a. YING ZHANG,  
FRANK HUANG A.K.A. YUNRONG HUANG,  
DANIEL LIU a.k.a. CHIH-HSIUNG LIU a.k.a. CHIL-HSIUNG LIU,  
GEORGE LIU a.k.a. GUOQUING LIU a.k.a. GUOQUING LIU,  
JACKIE ZHANG a.k.a. JING ZHANG,  
GCP MEDIA GROUP INC., NEW LEAF MEDIA INC. AND

**CAUTION:** This case has not yet proceeded to trial and the reader should not assume that any of the persons named are guilty of any misconduct of any kind.

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## AUTHORITIES INDEX

TAB	AUTHORITY
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2.	<i>Barton Insurance v. Marion Irwin</i> , 1999 BCCA 0073
3.	<i>Canadian Metals Exploration Ltd. v. Wiese</i> , [2007] B.C.J. No. 1231, (CA)
4.	<i>Cantrav West Services Ltd. v. Glyn B. Edwards</i> , [1990] B.C.J. No. 998, (SC)
5.	<i>Cantrav West Services Ltd. v. Glyn B. Edwards Trekker Enterprises Ltd. and Cynthia Chen</i> , 1990 CanLII 330 (BC SC)
6.	<i>Dentec Safety Specialists Inc. v. Degil Safety Products (1989) Inc.</i> , 2014 ONSC 2449
7.	<i>Dino's Place Ltd., v. Corfu Restaurant Ltd., et al.</i> , 1991 CanLII 2098 (BC SC)
8.	<i>Down East Vending Inc. v. Lockerbie</i> , 2013 NSSC 229
9.	<i>Edward Chapman Ladies' Shop Limited v. Edward Chapman Limited</i> , 2007 BCCA 370
10.	<i>First Majestic Silver Corp. v. Davila</i> , [2014] B.C.J. No. 56, (CA)
11.	<i>First Majestic Silver Corp. v. Santos</i> , 2013 BCSC 1704
12.	<i>First Majestic Silver Corp v. Santos</i> , 2009 BCCA 71
13.	<i>GasTOPS Ltd. v. Forsyth</i> , 2012 ONCA 134
14.	<i>Kenneth Cole Trucking Ltd. v. Marene Projects Ltd.</i> , 2006 BCCA 13
15.	<i>Lever Personnel Resources Inc. v. Mark Leclair and Cambrian Staffing Solutions Inc.</i> , 2007 CanLII 56506 (ON SC)
16.	<i>Merrill Lynch Canada v. Pastro and Marshall</i> , 2000 BCCA 243
17.	<i>M.D. Prescriptions Inc. v. Gandey</i> , [1991] O.J. No. 1324, Court of Justice – General Division
18.	<i>Mooney v. Orr</i> , [1994] BCJ No. 2653 (SC)
19.	<i>Neolitzky v. Barclay</i> , 2002 BCSC 1098
20.	<i>O'Connell v. Mazilescu</i> , 2011 BCCA 363
21.	<i>O'Connell v. Mazilescu</i> , 2011 BCSC 732
22.	<i>Silver Standard Resources</i> , [1998] BCJ No. 2887 (CA)
23.	<i>Starcom International Optics Corp. v. Macdonald Re: Starcom International Optics Corporation</i> , [1994] B.C.J. No. 548, (BC SC)
24.	<i>Three Ports Fisheries Ltd. v. Jeffrie</i> , 2014 NSSC 228
25.	<i>Walker v. Betts</i> , [2006] B.C.J. No. 161 (BC SC)
26.	<i>XY LLC v. Canadian Topsires Selection Inc.</i> , 2012 BCSC 1797

27. *Injunctions – British Columbia Law and Practice, Second Edition*, CLE of BC
28. *Tracy v. Instaloes Financial Solutions*, 2007 BCCA 481
29. *Trade-marks Act, Consolidation*, R.S.C., 1985, c. T-13

#### **SUPPLEMENTAL AUTHORITIES, November 19, 2014**

30. *Canadian Metals Exploration Ltd. v. Wiese*, 2006 BCSC 1037
31. *Pan Pacific Recycling Inc. v. So*, 2006 BCSC 1337
32. *Celanese Canada Inc. v. Murray Demolition Corp.*, [2006] S.C.J. No. 35 (Supreme Court of Canada)
33. *Merrill Lynch Canada Inc. v. Pastro*, 2000 BCCA 243

### **SCHEDULE D**

#### **General**

1. The misconduct alleged against Jane (and by implication the corporate defendants and, to a lesser extent, the other personal defendants) has already been vindicated by the court:
  - a. A previous application for a finding of contempt against GCP, focussed on Jane's conduct, was dismissed.
    - i. A second application for contempt is outstanding and has not been heard. It is an abuse of process for the plaintiff to pursue the same allegation here without seeking an adjudication of it in the audit proceedings.
  - b. The actions of 3Pawsoft, and by implication Jane, were vindicated by Masuhara J.
    - i. And there is a settlement agreement between the parties with respect to these events.
2. Counsel are in conflict.
  - a. There is no impediment to counsel acting for a party whom they used to act against.
  - b. This is not a shareholder dispute within an oppression proceeding.
  - c. It is not possible to formally discontinue a proceeding that has concluded, but Mr. Li will not pursue the contempt application.
3. Bolun Li has been in jail in China and is of poor character.
  - a. Irrelevant
  - b. China is not a democracy and is not governed by the rule of law.

4. Counsel for Jane previously warned Mr. Li's counsel to watch out for privileged material, but Mr. Li's counsel did not respond.
5. Undertaking. Is GCP's undertaking worth anything?
  - a. If GCP is not worthy anything, that is the fault of the defendants.
  - b. Post security up to \$200,000. Include this as security for costs.

### **APO**

6. The ISS was formerly counsel for the previous receiver (Campbell Saunders)
7. There is not sufficient evidence of wrongdoing against Joanna to justify the invasion of a search warrant against Joanna (and Frank's) home.
  - a. Frank is a somewhat public figure who may be impacted by such an order more than others.

### **Mareva**

8. There is no evidence of assets being moved out of the jurisdiction.
9. With respect to the evidence of Grant Thornton, GT has advised Mr. Li in the earlier litigation and provided evidence to support Mr. Li's position.

### **Receivership**

10. Annie lacks business experience and it would not be fair to place control over the defendants' businesses in her hands.
11. The defendants have built up their businesses with their expertise - how can it function without them?
  - a. Jim Mann;
  - b. Carrie Chan
  - c. security

### **Non-competition and return of confidential information**

12. The plaintiffs have never asked most of the defendants for most of the relief that they now seek. It is unfair to make an order ex parte where there is not evidence that some of the personal defendants are even aware of the plaintiff's claims.
13. New Leaf Time is new. Unfair to direct it to cease publication entirely.

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[1] See attached spreadsheet.

[2] GCP maintained separate ledgers for its Toronto and Vancouver operations. No hardcopy

records of Toronto's July 2009 have been located.

[3] Si #1, Ex. 19 (p. 74)

[4] Si #1, Ex. 20 (p. 76)

[5] See attached spreadsheet.

[6] Si #2, Ex. A.