

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-06-000500-104

SUPERIOR COURT
(Class Action)

VIRGINIA NELLES

Petitioner

-vs-

ROYAL BANK OF CANADA

Respondent

NOTICE TO MEMBERS

1. TAKE NOTICE that the bringing of a class action has been authorized on the 14th day of July, 2010 by judgment of the Honourable Mr. Justice Robert Mongeon, of the Superior Court, for the benefit of the persons forming part of the group hereinafter described, namely:

All persons, and estates of deceased persons, trustees, es qualité trusts and corporations whose funds were deposited to the account "Earl Jones In Trust, number 00361-5266622" (the "Earl Jones In Trust Account") at the Royal Bank of Canada, Beaconsfield Branch, between the period October 22, 1981 and August 28, 2008, and who did not receive reimbursement of the total funds deposited therein.

2. The Chief Justice has ordered that the class action authorized by the said judgment shall be brought in the district of Montreal.
3. For the purposes of the class action, the status of representative has been ascribed to Virginia Nelles, domiciled and residing at 30 Thornhill Avenue, Montreal, Quebec, H3Y 2E2.
4. The class is represented by:

Me Neil H. Stein
STEIN & STEIN INC.
4101 Sherbrooke St. West
Montreal, Quebec
H3Z 1A7

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Me Robert Kugler
KUGLER KANDESTIN, L.L.P.
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5. The principal questions of law or fact to be dealt with collectively are as follows:

- a) Did Respondent commit a fault by allowing the Earl Jones In Trust Account to be operated as the personal account of Earl Jones, when it knew that the funds in the account belonged to and were to be administered on behalf of third parties?
- b) Did Respondent commit a fault by failing to make verifications as to the authenticity of endorsements in respect of cheques deposited into the Earl Jones In Trust Account?
- c) Did Respondent commit a fault by permitting Earl Jones to operate a trust business, which entailed co-mingling funds belonging to numerous third parties, estates and trusts, out of a single "personal" account?
- d) Did Respondent commit a fault by facilitating Earl Jones to hold out to the members of the Class that their funds had been deposited into a true trust account?
- e) Did Respondent fail to act as a prudent, vigilant and reasonable banker would have in the circumstances?
- f) Was Respondent negligent and/or willfully blind in allowing Earl Jones to perpetrate a ponzi scheme, using the Earl Jones In Trust account, for approximately 27 years?
- g) Did Respondent fail to put an end to the irregular operation of the Earl Jones In Trust account in a timely manner?
- h) Did the Respondent fail to make appropriate verifications throughout the operation of the Earl Jones In Trust Account in respect of knowing its client and his business?
- i) Did the Respondent fail to consider that there was a conflicted situation between Earl Jones's personal interests and those of the beneficiaries of the funds deposited to the Earl Jones In Trust Account?
- j) Did Respondent act in a wrongful manner in August 2008, knowing the funds deposited in the Earl Jones In Trust Account belonged to members of the Class and constituted funds from a "Trust Business", by requesting and allowing Earl Jones to transfer the balance of funds in the Earl Jones In Trust Account to a new account opened in the name of Earl Jones Consultant & Administration Corporation?

- k) If the answer to any of the foregoing questions is "yes", is the Respondent liable for the damages sustained by the members of the Class, collectively, as a result of the ponzi scheme?
- l) What is the amount of damages sustained by the Class, collectively, as a result of the fault(s) of the Respondent?

6. The conclusions sought with relation to such questions are as follows:

GRANT the Class Action against the Respondent;

CONDEMN the Respondent to compensate the Class for their collective loss, namely the total amount of funds deposited to the Earl Jones In Trust Account during the period October 22, 1981 to August 28, 2008 less the amount(s) received therefrom, the whole with interest and additional indemnity provided by law, calculated from February 5, 2010;

DECLARE that Respondent is liable for the costs of judicial and extrajudicial fees and disbursements, including fees for expertise incurred in the present matter for and in the name of Petitioner and the members of the Class;

ORDER collective recovery of the total amount of the claims herein;

ORDER that the claims of the members of the Class be the object of individual claims in accordance with Articles 1037 to 1040 C.C.P. or, if impractical or inefficient, order the Respondent to perform any remedial measures that this Honourable Court deems to be in the interests of the members of the Class;

ORDER the Respondent to advise all members of the Class of the present Class Action lawsuit;

CONDEMN the Respondent to any further relief as may be just and proper;

THE WHOLE with costs, including the costs of all exhibits, reports, expertise and publication of notices.

The class action to be brought by the representative for the benefit of the group will be an Action in compensatory damages against the Respondent.

- 7. Any member of the group who has not requested his exclusion in the manner hereinafter indicated, will be bound by any judgment to be rendered on the class action.
- 8. The date after which a member can no longer request his exclusion without special permission, has been set at September 13, 2010.

9. A member who has not already brought a suit in his own name, may request his exclusion from the group by advising the clerk of the Superior Court of the district of Montreal by registered or certified mail, before the expiry of the delay for exclusion.
10. Any member of the group who has brought a suit which the final judgment on the class action would decide, is deemed to have requested his exclusion from the group if he does not, before the expiry of the delay for exclusion, discontinue such suit.
11. A member of the group other than the representative or an intervenant cannot be condemned to pay the costs of the class action.
12. The Court may permit a member to intervene in the class action if it considers such intervention useful to the group. An intervening member may be bound to submit to examination on discovery or a medical examination, or both, at the request of the respondent. A member who does not intervene in the class action can only be required to submit to an examination on discovery or a medical examination if the Court considers it useful.