

FEDERAL COURT OF APPEAL

BETWEEN:

DR. GÁBOR LUKÁCS

Appellant

– and –

**CANADIAN TRANSPORTATION AGENCY and
NEWLEAF TRAVEL COMPANY INC.**

Respondents

WRITTEN EXAMINATION

TO: Donald James Young

The Appellant, Dr. Gábor Lukács, has chosen to cross-examine Mr. Donald James Young on his affidavit sworn on July 23, 2016.

You are required to answer the questions in the schedule by affidavit in Form 99B prescribed by the *Federal Courts Rules*.

Pursuant to the July 29, 2016 Direction of the Court (Scott, J.A), the affidavit containing the answers is to be served on all other parties within 15 days from the date on which these questions are served on you.

August 25, 2016

“Dr. Gábor Lukács”

DR. GÁBOR LUKÁCS

Halifax, Nova Scotia

lukacs@AirPassengerRights.ca

Appellant

SCHEDULE

Performance bond and/or security and/or guarantee

1. Is NewLeaf Travel Company Inc. financially able to post a performance bond and/or security and/or guarantee in the amount of \$3,744,000?
If not, what is the largest amount of performance bond and/or security and/or guarantee that NewLeaf Travel Company Inc. is capable of posting?
2. In reference to paragraph 37 of your affidavit, how would the granting of an order, requiring NewLeaf Travel Company Inc. to post a performance bond and/or security and/or guarantee as a condition of its operation pending determination of the appeal, decide the issues on appeal?
3. Did you discuss with the investors of NewLeaf Travel Company Inc., referenced at paragraph 22 of your affidavit, the interlocutory injunction that is being sought?
4. Did you ask the investors of NewLeaf Travel Company Inc., referenced at paragraph 22 of your affidavit, whether they would be able and willing to post the performance bond and/or security and/or guarantee being sought on the present motion?
 - (a) If not, why not?
 - (b) If yes, what did the investors answer?

Residence

5. Is the information contained in the Federal Corporate Information for NewLeaf Travel Company Inc., being Exhibit "C" to the Lukács Affidavit on page 33 of the motion record, accurate? If not, please elaborate.
6. What is your address in Winnipeg, Manitoba and since what date have you been living at that address?
7. Did you update your address on the corporation registration of NewLeaf Travel Company Inc., and if so, on what date?

Past involvement with Canada Jetlines Ltd.

8. I understand from paragraph 2 of your affidavit and Exhibit "E" to the Lukács Affidavit referenced therein that prior to your involvement with NewLeaf, you were the president of "Canada Jetliners, Ltd. a start-up ULCC headquartered in Vancouver BC." Is this correct?
9. Can you confirm that "Canada Jetliners, Ltd." is a typographical error, and it should read "Canada Jetlines Ltd."?
10. In the chain of emails from July 2014 between Canada Jetlines Ltd. and Mr. Robert Jones, being Exhibit "1" on page 19 of the present examination, on July 16, 2014, Mr. Dix Lawson wrote to Mr. Robert Jones:

In fact, when we learned of your first invoice Jim Young was e-mailed on May 5, 2014:

"Good day Jim, As you are aware, I have an Invoice from Bob Jones (Creative Spin) acting in the capacity of Strategic Advisor for the period of March. Our process for contracting is to establish written requirements and statement of work (SOW) then find a provider to do the work. Any contract that develops from this needs exec approval, indeed this process was approved by the Board of Directors. The problem I am facing with Bob's invoice is that we have no SOW and approved contract, which I need in order to insert him into our program. So for now I cannot take action on this invoice from Bob. We need an approved SOW and contract to move forward."

This e-mail is clear that you cannot be a paid consultant without a contract, and your first invoiced was dismissed. This ended any idea of a verbal deal with Jim Young as a paid consultant.

Is it true that on May 5, 2014, you received an email with the aforementioned content (quoted in italics)?

11. In the chain of emails from July 2014 between Canada Jetlines Ltd. and Mr. Robert Jones, being Exhibit "1" on page 19 of the present examination, on July 16, 2014, Mr. Dix Lawson wrote to Mr. Robert Jones:

We are also very much aware of your relationship and history with Jim Young. For example, we know of the arrangements made to ensure Jim Young maintained on paper an Ontario residence at 16 Shea Court, Toronto, with a

\$600.00 per month lease document dated May 1, 2014; thus, helping to ensure Jim Young could move back and forth across the border when he had no actual Canadian residence.

- (a) Is it true that in 2014, you maintained on paper an Ontario residence at 16 Shea Court, Toronto?
 - (b) Was there a lease document dated May 1, 2014?
 - (c) Is it true that in May 2014, you had no real and actual Canadian residence?
 - (d) What was the purpose of this arrangement?
 - (e) Were you a Canadian citizen in May 2014? If not, what was your legal (immigration and tax) status in Canada?
12. In the chain of emails from July 2014 between Canada Jetlines Ltd. and Mr. Robert Jones, being Exhibit "1" on page 19 of the present examination, on July 16, 2014, Mr. Dix Lawson wrote to Mr. Robert Jones:

In addition, it appears that Jim Young was feeding you confidential Jetlines information so that you could later use this information to advance your own company's (ArCompany) interests. On April 3, 2014 you e-mailed Jim Young and other members of the ArCompany team the following:

"I did not invite Dave Solloway (and I assume no one else has ... let me know if otherwise), as I want to talk about the ArCompany CJL proposal and my current understanding of the available CJL budget for the Go To Market / Marketing functions, and then how this needs to line up with the proposal."

Again a relationship between you and Jim Young is exposed that intentionally excludes CJL's Chief Commercial Officer, other CJL management team members and the Board of Directors in the process, and indicates that it was the Jetlines internal budget numbers that was being sought after. Within Jetlines Jim Young fought hard to single source any marketing efforts to ArCompany, which was not his role as an officer of Jetlines. With a MBA you should be aware of the ethical issues associated with using a personal relationship to gain an unfair advantage in bidding

for company business. This is hardly consulting work for Jetlines.

- (a) Is it true that on April 3, 2014, Mr. Robert Jones sent you an email with the aforementioned content (quoted in italics)?
- (b) Around April 3, 2014, what was Mr. Solloway's role in Canada Jetlines Ltd.?
- 13. Would it be fair to say that the aforementioned concerns, described in the email of Mr. Dix Lawson to Mr. Robert Jones, played a role in your departure from Canada Jetlines Ltd.?
- 14. What were the circumstances and events leading to your departure from Canada Jetlines Ltd.?
- 15. On what date did you cease to be the president of Canada Jetlines Ltd.?

NewLeaf Airways and NewLeaf Travel Company

- 16. Is the information in the Corporation Profile Report for 1919183 Ontario Ltd., being Exhibit "D" to the affidavit of Dr. Lukács on page 38 of the motion record, accurate as of February 2016? If not, please elaborate.
- 17. Was 1919183 Ontario Ltd. incorporated on July 14, 2014 and were you appointed a director of the company on the same date?
- 18. Was 1919183 Ontario Ltd. doing business as "NewLeaf" and/or "NewLeaf Airways"?
- 19. Was NewLeaf Travel Company Inc. incorporated on April 15, 2015?
- 20. Have NewLeaf Travel Company Inc. and NewLeaf Airways (1919183 Ontario Ltd.) had the same directors, namely, yourself, Mr. Robert Jones, and Mr. Brian Reddy?
- 21. Until sometime in January 2016, did NewLeaf Travel Company Inc. and NewLeaf Airways (1919183 Ontario Ltd.) have the same registered office at 130 King Street West, Suite 2120, Toronto, Ontario, M5X 1K6?

22. The business models of both NewLeaf Travel Company Inc. and NewLeaf Airways (1919183 Ontario Ltd.) claim to use the Ultra Low Cost Carrier (ULCC) model, correct?
23. The business models of both NewLeaf Travel Company Inc. and NewLeaf Airways (1919183 Ontario Ltd.) call for using so-called “secondary airports,” correct?
24. The business plan of both NewLeaf Travel Company Inc. and NewLeaf Airways (1919183 Ontario Ltd.) call for utilizing three (3) aircraft in the initial period of operation, correct?
25. The business models of both NewLeaf Travel Company Inc. and NewLeaf Airways (1919183 Ontario Ltd.) call for renting aircraft on a “block hour basis” under an ACMI (aircraft, crew, maintenance, and insurance) contract, correct?
26. Would it be fair to say that, in practical terms, the business models of NewLeaf Travel Company Inc. and of NewLeaf Airways (1919183 Ontario Ltd.), outlined in Exhibit “E” to the Lukács Affidavit, are virtually identical? If not, please explain the differences.
27. What assets, including intellectual property and Internet domains, did NewLeaf Airways (1919183 Ontario Ltd.) transfer to NewLeaf Travel Company Inc.?
28. Do you agree that the logo shown on the September 16, 2015 news release of NewLeaf Travel Company Inc., being Exhibit “2” on page 26 of the present examination, is identical to the logo of NewLeaf Airways (1919183 Ontario Ltd.) shown on Exhibit “E” to the Lukács Affidavit?
29. Did NewLeaf Travel Company Inc. seek and obtain the consent of NewLeaf Airways (1919183 Ontario Ltd.) to use the “NewLeaf” trademark and the aforementioned logo?
If not, why not?
30. What business activities, if any, has NewLeaf Airways (1919183 Ontario Ltd.) had since NewLeaf Travel Company Inc. was incorporated?

Passenger protection

31. On June 23, 2016, NewLeaf Travel Company Inc. began selling tickets to the public for flights between July 25, 2016 and October 2, 2016, correct?
32. Is it fair to say that on the day that NewLeaf Travel Company Inc. began selling tickets to the public, NewLeaf Travel Company Inc. had not paid Flair Airlines for the full costs of the service for the entire period from July 25, 2016 to October 2, 2016?
33. Does the email of Ms. Dorian Werda, being Exhibit "3" on page 28 to the present examination, describe the communications between the Travel Industry Council of Ontario (TICO) and NewLeaf Travel Company Inc. accurately?
34. Is it fair to say that the Ontario compensation fund administered by TICO offers no protection to passengers who purchase tickets from NewLeaf Travel Company Inc. on the Internet or through its Winnipeg-based call centre?
35. Has NewLeaf Travel Company Inc. completed its registration with TICO?
If not, please explain why.
If yes, pursuant to Rules 94(1) and 100, you are requested to produce a copy of the confirmation of NewLeaf Travel Company Inc.'s registration with TICO.
36. Has NewLeaf Travel Company Inc. registered with the British Columbia counterpart of TICO?
If not, please explain why not.
If yes, pursuant to Rules 94(1) and 100, you are requested to produce a copy of the confirmation of NewLeaf Travel Company Inc.'s registration.
37. Is it fair to say that British Columbia's Travel Assurance Fund offers no protection to passengers who purchase tickets from NewLeaf Travel Company Inc. on the Internet or through its Winnipeg-based call centre?
38. You stated at paragraph 7 of your affidavit that "Credit card issuers are liable to the consumer for processed transactions, where goods and services are not received."

What kind of liability (contractual, statutory, common law, etc.) are you referring to, and what is the source of your knowledge?

39. Would it be fair to say that a passenger cannot get back from their “credit card issuer” and/or PSiGate more than the amount they paid NewLeaf Travel Company Inc. for services that were not provided?
40. Would it be fair to say that the airfares offered to the public by NewLeaf Travel Company Inc. are significantly lower than those offered by Air Canada and WestJet? If so, please quantify it.
41. In the event that NewLeaf Travel Company Inc. fails to provide the services paid for, do you believe that “credit card issuers” and/or PSiGate are required to pay for the full repatriation expenses of passengers, including accommodation, meals, and transportation on another airline?
If yes, please state the source of your belief.
42. Section 12(a) of the credit card agreement, being Exhibit “A” to your affidavit, permits PSiGate to impose on NewLeaf Travel Company Inc. an “alternative funding schedule,” correct?
43. Pursuant to Rules 94(1) and 100, you are requested to produce copies of the “alternative funding schedule” that were in place on June 23, 2016 and July 23, 2016.
44. In reference to paragraph 8 of your affidavit, how does PSiGate know when a passenger completed their full travel?
45. Pursuant to Rules 94(1) and 100, you are requested to produce copies of:
 - (a) the Aircraft, Crew, Maintenance and Insurance (ACMI) agreement(s);
 - (b) the MOU agreement(s); and
 - (c) the escrow agreement(s);referenced in paragraphs 13 and 24 of your affidavit.

Revenue/Expenses

46. With respect to the screenshot shown as Exhibit "6" on page 37 of the present examination:
- (a) Do you recognize it as taken from the booking website of NewLeaf Travel Company Inc.?
 - (b) What does the item "O" (\$16.78) stand for?
 - (c) What does the item "Air Transport Charge" (\$18.00) stand for?
 - (d) Is it fair to say that the following items are collected on behalf of third parties: YXE Arpt Improvement Fee (\$20.00); Security Charge ATSC (\$7.12); and GST/HST Tax (\$3.10)?
 - (e) What amount (portion) of the total price of \$65.00 is a net revenue for NewLeaf Travel Company Inc.?
47. Of the total gross receipts collected, referenced in paragraph 19 of your affidavit, which amount (portion) is taxes, fees, and third party charges, and which amount (portion) is NewLeaf Travel Company Inc.'s net revenue?
48. Pursuant to Rules 94(1) and 100, you are requested to produce copies of:
- (a) the trust agreement governing the "trust" referenced in paragraph 19 of your affidavit;
 - (b) an account statement from PSiGate, as of July 23, 2016, showing the total amount of "gross receipts collected from the above sales" referenced in paragraph 19 of your affidavit; and
 - (c) a breakdown of the gross sales in a form that distinguishes the net revenue of NewLeaf Travel Company Inc. from taxes, fees and third party charges that are collected as part of the total fare as of July 23, 2016.
49. With respect to each entity that you had in mind in paragraph 20 of your affidavit, please state the name of the entity, the amount that NewLeaf Travel Company Inc. paid to the entity, the purpose of the payment, and the date of the payment.

50. With respect to each week starting July 25, 2016, please state in Canadian dollars how much NewLeaf Travel Company Inc. has paid Flair for operating the flights.
51. Do the above-noted amounts include fuel and de-icing (if necessary)?
If not, with respect to each of the aforementioned weeks, please state how much NewLeaf Travel Company Inc. paid for fuel and de-icing.
52. With respect to each week starting July 25, 2016, please state NewLeaf Travel Company Inc.'s total costs relating to the operation of the flights.
53. If the revenue from seats sold on a given flight does not cover the operating expenses of the flight, does NewLeaf Travel Company Inc. cancel the flight or operate it at a loss?
If the former, what kind of alternative transportation are passengers with confirmed bookings offered and who pays for its costs?
If the latter, who covers the shortfall?

Capitalization

54. Who are the investors of NewLeaf Travel Company Inc., how much has each of them invested in NewLeaf Travel Company Inc., and on what date were the investment funds paid?
55. What amount (portion) of the amount stated in paragraph 21 of your affidavit as being held in trust is unencumbered?
56. Pursuant to Rules 94(1) and 100, you are requested to produce copies of:
 - (a) confirmation that the amount stated in paragraph 21 of your affidavit is being held in trust;
 - (b) the trust agreement(s) governing the "trust" referenced in paragraph 21 of your affidavit;
 - (c) the agreement(s) signed by the investors referenced in paragraph 21 of your affidavit;

- (d) the agreement(s) relating to the “additional” amount “for the next four or five months as needed” referenced in paragraph 21 of your affidavit;
 - (e) bank statement(s) of NewLeaf Travel Company Inc., showing unencumbered paid-in capital as of: (i) June 23, 2016; (ii) July 20, 2016, and (iii) July 23, 2016.
 - (f) audited (or, if unavailable, unaudited) financial statements of NewLeaf Travel Company Inc. for June and July 2016; and
 - (g) any agreement(s) relating to the funding referenced in paragraph 22 of your affidavit.
57. Who are the investors who “have provided the primary funding” referenced in paragraph 22 of your affidavit?
58. Can investors withdraw their investments in NewLeaf Travel Company Inc. at any time, or is a portion of the investment “locked in” for a certain period of time?
What portion of the investment is “locked in” and for how long?
59. Was Mr. Baldanza the CEO of Spirit Airlines in December 2015?
60. Please review the Air Travel Consumer Report of the US Department of Transportation issued in February 2016, being Exhibit “4” on page 30 to the present examination.
Do you consider Spirit Airlines’ result of 10.97 consumer complaints per 100,000 enplanements in December 2015 “very successful”?
61. How many passengers can be “repatriated” from the amount held in an “escrow account” referenced in paragraph 24 of your affidavit?
Please explain the calculations that were used to establish the sufficiency of the amount in question.
62. Does Flair have a legal obligation to repatriate passengers at its own expense should the amount held in escrow, referenced in paragraph 24 of your affidavit, turns out to be insufficient?
If so, please specify the source of this obligation.

63. How many weeks of airport fees, ground handling and other related services does the amount referenced in paragraph 25 of your affidavit cover?
64. How many days of operations does the amount referenced in paragraph 27 of your affidavit cover?
65. What was the purpose of the “4 Months Operational Reserve” and the figure of \$9,413,000 shown in “Appendix C – Use of Proceeds” to Exhibit “E” to the Lukács Affidavit, shown on page 73 of the motion record?
66. Does NewLeaf Travel Company Inc. have such a reserve?
If so, please state the amount held in reserve.

Kelowna Airport Contract

67. On what date did NewLeaf Travel Company Inc. execute the airport agreement with the Kelowna Municipal Airport Authority?
68. Pursuant to Rules 94(1) and 100, you are requested to produce a copy of the transaction slip or bank statement confirming the payment stated in paragraph 34 of your affidavit.

Unpaid bills – Mr. Norm LeCavalier

69. When did the “Ski Charter flights,” referenced in paragraph 35 of your affidavit, take place or were supposed to take place?
70. What services was Mr. LeCavalier expected to deliver to NewLeaf Airways (1919183 Ontario Ltd.) and by what date?
71. Please describe in detail the nature of the alleged dispute, referenced in paragraph 36 of your affidavit, about the work performed by Mr. LeCavalier.
72. Did Mr. LeCavalier provide services to NewLeaf Travel Company Inc.?
73. In light of the alleged dispute about the work of Mr. LeCavalier, why did NewLeaf Travel Company Inc. use his services?

74. What was the purpose of your December 19, 2015 email sent to Mr. LeCavalier, being Exhibit "Q" to the Lukács Affidavit, on page 171 of the motion record?
75. Is it true that in an email dated January 24, 2016, being Exhibit "R" to the Lukács Affidavit, on page 173 of the motion record, you wrote to Mr. Norman LeCavalier that:
- [...] you has always been and continue to be a valuable member of this venture. I know I disclose more information to the two of you than I do to any other stakeholder group (including YWG!) But I trust you both implicitly and value your counsel, the support, time and effort you have both put into this from the start.
76. In light of the alleged dispute about the work of Mr. LeCavalier, why did you continue trusting him and sharing information with him?
77. Do you recognize the chain of emails, being Exhibit "5" on page 32 to the present examination?
78. Is it true that on January 30, 2016, Mr. Sam Samaddar wrote to you, with a copy to Mr. Norman LeCavalier, the following?
- You made financial commitments to Norm and you have ignored him when he has reached out to you?
79. Which "financial commitments to Norm" was Mr. Samaddar referring to?
80. Is it true that on February 5, 2016, you wrote to Mr. LeCavalier, with a copy to Mr. Samaddar, that:
- My intention is to pay you once we have closed on the capital.
81. What "capital" were you referring to in your February 5, 2016 email to Mr. LeCavalier?
82. What payment were you referring to in your February 5, 2016 email to Mr. LeCavalier?
83. What services did Mr. LeCavalier provide for which you were communicating intent to pay him in your February 5, 2016 email?

84. Do you recognize the “Audit Summary – New Leaf / Flair Airlines Operation (SOR 88-58),” being Exhibit “7” on page 39 of the present examination?
85. At whose request was the “Audit Summary – New Leaf / Flair Airlines Operation (SOR 88-58)” prepared and who paid for it?
86. Did you send the email dated February 17, 2016, shown as Exhibit “8” on page 47 to the present examination?
If so, for what purpose did you send this email to Mr. LeCavalier?
87. In the March 16, 2016 letter of Mr. LeCavalier (Exhibit “S” to the Lukács Affidavit, page 178 of the motion record), does “Brian” refer to Mr. Brian Reddy, the Chief Financial Officer of NewLeaf Travel Company Inc.?
88. Is it true that sometime between February 22, 2016 and March 16, 2016 you spoke to Mr. LeCavalier, and stated that Mr. Brian Reddy had “asked Lisa to complete the transfer”?
If so, what was the amount and the purpose of the promised transfer?
89. Did Mr. LeCavalier receive any payment from NewLeaf Travel Company Inc. and/or from NewLeaf Airways (1919183 Ontario Ltd.) in 2016?
If so, on what date(s), what amount(s), and for what purpose(s)?
90. Pursuant to Rules 94(1) and 100, you are requested to produce all correspondence with Mr. LeCavalier relating to disputing the work performed by him and/or the timeliness of the work and/or the quality of his work, including but not limited to:
 - (a) response(s), if any, to the March 16, 2016 letter of Mr. LeCavalier (Exhibit “S” to the Lukács Affidavit, p. 178 of the motion record); and
 - (b) response(s), if any, to the June 23, 2016 letter of of Mr. LeCavalier (Exhibit “S” to the Lukács Affidavit, p. 177 of the motion record).
91. Since the day you swore your affidavit, have the outstanding bills of Mr. LeCavalier (Exhibit “S” to the Lukács Affidavit, pages 182-183) been paid by NewLeaf Travel Company Inc. and/or NewLeaf Airways (1919183 Ontario Ltd.) and/or a third party?

92. Since the day you swore your affidavit, has NewLeaf Travel Company Inc. and/or NewLeaf Airways (1919183 Ontario Ltd.) reached a settlement with Mr. LeCavalier?

If so, pursuant to Rules 94(1) and 100, you are requested to produce a copy of the settlement agreement.

Unpaid bills – ArCompany

93. What services was ArCompany expected to deliver with respect to all three of the items shown on the May 20, 2015 invoice (Exhibit “T” to the Lukács Affidavit, page 187 of the motion record), and what was the deadline for these services?

94. In paragraphs 35-36 of your affidavit, did you intend to convey that all items in ArCompany’s invoice are disputed, or only portions of it?

95. Have the undisputed portions of ArCompany’s invoice been paid?

If not, why not?

If yes, please state the amount, date, and the source of the payment.

96. Do you recognize the September 1, 2014 email, being Exhibit “9” on page 49 to the present examination?

97. On or around September 1, 2014, did you write the following?

Thank the whole team at CSIS, sorry I mean ArCompany and remind me never to have a love child hiding in a convent in Switzerland.... They would find it.

98. Would it be fair to say that as of September 1, 2014, you were satisfied with the quality and timeliness of the work performed by ArCompany?

99. Do you recognize the October 10, 2014 email, being Exhibit “10” in page 50 of the present examination?

100. On or around October 10, 2014, did you write to Ms. HESSIE JONES and Ms. Amy Tobin of ArCompany the following?

I wanted to add my heartfelt thanks for the work we accomplished this week.

101. Was the work referenced in the October 10, 2014 email the “NewLeaf MyAir Branding Program”?
102. Would it be fair to say that as of October 10, 2014, you were satisfied with the quality and timeliness of the work performed by ArCompany?
103. Please describe in detail the nature of the alleged dispute, referenced in paragraph 36 of your affidavit, about the work performed by ArCompany.
104. Do you recognize the April 6, 2016 email from “bob.jones” to yourself, shown in Exhibit “T” to the Lukács Affidavit, on the lower portion of page 185 of the motion record?
105. Does “bob.jones” refer to Mr. Robert Jones, one of the directors of NewLeaf Travel Company Inc.?
106. What was the role of Mr. Robert Jones in NewLeaf Travel Company Inc. in April 2016? Was he the Chief Commercial Officer of the company?
107. What “investments funds” was Mr. Robert Jones referring to in his April 6, 2016 email to you?
108. Is it fair to say that Mr. Robert Jones was referring in his April 6, 2016 email to investment funds that NewLeaf Travel Company Inc. was expecting to receive?
109. Which entity is “NewLeaf Corp” shown on the invoice of ArCompany (Exhibit “T” to the Lukács Affidavit, page 187 of the motion record)?
110. Can you confirm that as of April 2016, the domain *newleafcorp.ca*, used by Mr. Robert Jones for his April 6, 2016 email, was owned by NewLeaf Travel Company Inc.?
111. What was your reaction to the April 6, 2016 email of Mr. Robert Jones?
112. Pursuant to Rules 94(1) and 100, you are requested to produce all correspondence between yourself and others, dated between April 6, 2016 and June 28, 2016, concerning the invoice of ArCompany (Exhibit “T” to the Lukács Affidavit, page 187 of the motion record).

113. Are you familiar with the chain of emails from June 25-28, 2016 between Mr. Robert Jones from NewLeaf Travel Company Inc. and Ms. Hessie Jones from ArCompany, being Exhibit "11" on page 52 of the present examination?
114. Is Ms. Amie Seier (referenced in the June 25, 2016 email of Mr. Robert Jones) the market manager of NewLeaf Travel Company Inc.?
115. What is the reason for the absence of denial and/or dispute of the monies owed in the June 25, 2016 email of Mr. Robert Jones?
116. On June 28, 2016, Mr. Robert Jones wrote to Ms. Hessie Jones:
- As I have told you repeatedly, Brian is managing the payment activity and he fully intends to complete the payment, but money has to flow in first, before it can flow out. And I frequently remind him and he acknowledges the intent to finish the transaction when able.
- Which "payment" was Mr. Robert Jones referring to, and what does "money has to flow in first, before it can flow out" mean?
117. Is it fair to say that as of June 28, 2016, no dispute has been communicated to ArCompany concerning the invoice shown as Exhibit "T" to the Lukács Affidavit, page 187 of the motion record?
118. Are you aware of the June 30, 2016 email of Ms. Hessie Jones to Mr. Brian Meronek, counsel for NewLeaf Travel Company Inc., being Exhibit "12" on page 55 of the present examination?
119. Is it fair to say that the June 30, 2016 email of Ms. Hessie Jones was left unanswered?
- If not, please elaborate. If yes, please explain why it was left unanswered.
120. Pursuant to Rules 94(1) and 100, you are requested to produce all correspondence with ArCompany dated July 23, 2016 or earlier, disputing the work performed by the company and/or the timeliness of the work and/or the quality of the work.

121. Since the day you swore your affidavit, has the outstanding invoice of ArCompany (Exhibit "T" to the Lukács Affidavit, page 187 of the motion record) been paid by NewLeaf Travel Company Inc. and/or NewLeaf Airways (1919183 Ontario Ltd.) and/or a third party?
122. Since the day you swore your affidavit, has NewLeaf Travel Company Inc. and/or NewLeaf Airways (1919183 Ontario Ltd.) reached a settlement with ArCompany?
- If so, pursuant to Rules 94(1) and 100, you are requested to produce a copy of the settlement agreement.

Public statements

123. In reference to Exhibit "AB" to the Lukács Affidavit on page 238 of the motion record, is it true that NewLeaf Travel Company Inc. "has a backup plan" in the event that it is required to hold a licence to operate?
- If so, what is the "backup plan"?
124. According to a report published by CBC News, being Exhibit "13" on page 56 to the present examination:

NewLeaf president Jim Young says the company's first month of operation in Winnipeg has been a success and it is eyeing new routes for the fall. As a sign of commitment to the city, Young says, it has decided to base an aircraft here, which means crews and maintenance work feeding the local economy.

Does the report adequately reflect what you said?

If not, please elaborate.

125. Does NewLeaf Travel Company Inc. have operational control of any aircraft and/or crew?
- If not, how could NewLeaf Travel Company Inc. have "decided" to base an aircraft in Winnipeg?
126. On or around August 24, 2016, NewLeaf Travel Company Inc. released to the public its schedule for October 3-31, 2016, correct?
127. In the October 3-31, 2016 period, how many routes and how many flights per week will NewLeaf Travel Company Inc. offer?

Settlement with Bob Jones:

From: Bob Jones [mailto:bob.jones@sympatico.ca]
Sent: July 24, 2014 1:51 PM
To: Dix Lawson <dix.lawson@jetlines.ca>
Cc: jim.scott@jetlines.ca; amelia.mui@jetlines.ca; Bob Jones <bob.jones@sympatico.ca>
Subject: RE: Final Suggested Proposal

Dix,

Thanks for your email and the clarification of the funds transfer and the stock processing. I look forward to Amelia's email confirmation tomorrow.

Regarding conversations with prospective investors, I want to be sure I am clear. Let me know if the following is correct or please correct as appropriate:

Any funds invested now will be in the private company at \$0.30 per share. CJL is on track for the RTO as stated in the July 2 News Release, and expects the RTO to be completed by the end of August 2014, at which time the company will be listed on the TSX.V. At that time, the current expectation is that there will be a one for one share exchange (private co to pub co) and the new pub co is expected to open at \$0.30 per share (e.g. no rollback or initial price change is expected with moving to the pub co).

Regards,

Bob

=====
R. G. (Bob) Jones
Office: 416-281-6292
Mobile: 647-519-6292
bob.jones@sympatico.ca
=====

From: dix.lawson@jetlines.ca
To: bob.jones@sympatico.ca
CC: jim.scott@jetlines.ca; amelia.mui@jetlines.ca
Subject: RE: Final Suggested Proposal
Date: Thu, 24 Jul 2014 11:47:25 -0700

Good day Bob,

We have exceeded our Bridge financing target (mentioned in my email of 2 Jul) as a part of our agreement with InoVent and we are now in the due diligence period with them that ends 29 Aug. The planned outcome is an amalgamation that when complete will see the surviving company - Canada Jetlines Ltd listed on the TSX.V. The shares to be issued to you are in Canada Jetlines.

Bob, there is still scope for your Toronto region investors to get involved in this project. Please pursue them; it would be magnificent if you could add to the book in the next few days! I have attached our 9 July Investor presentation for your use, and you already have the term sheet and sub agreement. Please advise if there is any other support needed from us.

We won't wait for your expense claim to complete our agreement. You should see the payment for the five invoices in your bank account tomorrow. Amelia will drop you a note to let you know when the funds transfer is completed. We are also completing the shares issue process, which we expect to be completed next week.

Sincerely,

Dix

From: Bob Jones [<mailto:bob.jones@sympatico.ca>]
Sent: July-24-14 10:55 AM
To: Dix Lawson; jim.scott@jetlines.ca
Cc: Bob Jones
Subject: RE: Final Suggested Proposal

Jim / Dix,

Per my last note to you on Monday June 21 (below), I am still putting together the last invoice on miscellaneous expenses (estimated at \$700.00) along with the related receipts. Unfortunately, I have had a number of other activities going on that have made the process a little slower than I had wanted.

In any event, I suggest that you proceed to process the other components / invoices of our arrangement and I will get the misc expenses to you as soon as possible (most likely now Monday July 28). Please let me know what the processing timeframe is for our arrangement, and if anything else is required.

Regarding the shares, I assume these will be shares in the new CJL / Inovent PubCo? Is the Inovent deal proceeding as scheduled and are the related money raising activities on track? Per the revised investment agent agreement (good until July 31), I have yet to reconnect with my original investor associates on this opportunity, so an update from your end would be appreciated.

Thanks & regards,

Bob

=====
R. G. (Bob) Jones
Office: 416-281-6292
Mobile: 647-519-6292
bob.jones@sympatico.ca

From: bob.jones@sympatico.ca
To: dix.lawson@jetlines.ca
CC: jim.scott@jetlines.ca; bob.jones@sympatico.ca
Subject: RE: Final Suggested Proposal
Date: Mon, 21 Jul 2014 00:45:05 -0400
Dix / Jim,

Per your note below, please find attached the following items:

1. An executed Subscription Agreement for 30,000 shares
2. An Invoice for \$9,000.00 to cover the payment for the shares

I will complete the miscellaneous expenses invoice in the next two days, along with the appropriate scanned receipts.

Let me know if there are any changes required and also when you expect to process the various items.

Thanks & regards,

Bob

=====
R. G. (Bob) Jones
Office: 416-281-6292
Mobile: 647-519-6292
bob.jones@sympatico.ca
=====

From: dix.lawson@jetlines.ca
To: bob.jones@sympatico.ca
CC: jim.scott@jetlines.ca
Subject: RE: Final Suggested Proposal
Date: Fri, 18 Jul 2014 13:09:06 -0700

Good day Bob,

With respect to your clarification points 1- 4:

1. Agreed that we have these invoices and will process.
2. Please provide the invoice with receipts.
3. Agreed, we will use the one invoice we have from Feb.
4. As noted earlier, please complete the first five pages of the sub agreement (attached) for 30,000 shares, scan and return to me along with a separate invoice for \$9,000 of work that supports the shares as a payment.
We will action everything as quickly as possible once we receive the documents for points 2 and 4.

Sincerely,

Dix Lawson
Chief Administrative Officer and Program Manager
Canada Jetlines Ltd.

(w) 604-273-5387 (JETS)
(c) 604-754-8255
(f) 604-273-5399



Room C4408 YVR International Terminal Bldg, 3211 Grant McConachie Way, Richmond BC V7B 0A4

*Mail:
P.O. Box 32382
Vancouver Airport Domestic Terminal R.P.O.
Richmond, BC, Canada, V7B 1W2*

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From: Bob Jones [<mailto:bob.jones@sympatico.ca>]
Sent: July-18-14 10:15 AM
To: jim.scott@jetlines.ca; dix.lawson@jetlines.ca; bob.jones@sympatico.ca
Subject: RE: Final Suggested Proposal

Jim,

Thanks for your response.

First, just a side comment on the Toronto money raising efforts:

- raising funds is always a tenuous exercise -- evidence CJL's previous efforts
- it is difficult to predict the future business activities of private companies and when we began our journey with Byron, they were in good shape ... we could not have predicted that multiple large deals would fail to close, and they decided to de-certify their IROC standing.
- we shouldn't forget that some excellent collateral was created and over 100 investors were approached and a number of RTO candidates were analyzed, among other items, etc. ... no excuses, but significant good work was done.

So, just to clarify your offer:

1. Pay \$2,000.00 in car allowance (4 months as one month was already paid) ... invoices already provided.

2. Misc expenses (parking, printing of collateral, etc.) Totalling approx \$700.00 ... invoice still owing.
3. Payment of one months fees totalling \$7,910.00 (\$7,000.00 fees plus \$910.00 HST) ... invoice already provided.
4. 30,000 shares of Canada Jetlines stock ... assuming an invoice is required ... please specify the required details.

It is unfortunate that we have come to this point, as I believe I have provided a significant amount of time to this project. However, I too prefer to resolve this matter. So, assuming my summary above is correct, I will accept this offer and consider this matter closed.

Regards,

Bob

416-281-6292

From: dix.lawson@jetlines.ca

To: bob.jones@sympatico.ca

CC: jim.scott@jetlines.ca

Subject: RE: Jetlines move to a public listing - Opportunity and the Effects on existing Finder's Fee Agreement

Date: Wed, 16 Jul 2014 08:05:47 -0700

Good day Bob,

I have removed Jim Young from this email chain. I have also removed Amelia. The intent is to have this discussion between you, me and Jim Scott. Please read this response, after which you may send it to Jim Young if you wish.

There is no senior advisor contract signed between you and Jetlines thru Jim Young or anyone else in the company. Jetlines has a defined process for engaging consultants with monthly fees in the range you are talking about that involves approval of the CEO, the Board of Directors' Audit Committee, and a review by Jetlines' law firm. None of these measures were taken, because Jetlines would simply not approve such a contract in that stage of our progress. In fact, when we learned of your first invoice Jim Young was e-mailed on May 5, 2014:

"Good day Jim,

As you are aware, I have an Invoice from Bob Jones (Creative Spin) acting in the capacity of Strategic Advisor for the period of March. Our process for contracting is to establish written requirements and statement of work (SOW) then find a provider to do the work. Any contract that develops from this needs

exec approval, indeed this process was approved by the Board of Directors. The problem I am facing with Bob's invoice is that we have no SOW and approved contract, which I need in order to insert him into our program. So for now I cannot take action on this invoice from Bob. We need an approved SOW and contract to move forward."

This e-mail is clear that you cannot be a paid consultant without a contract, and your first invoice was dismissed. This ended any idea of a verbal deal with Jim Young as a paid consultant.

We are also very much aware of your relationship and history with Jim Young. For example, we know of the arrangements made to ensure Jim Young maintained on paper an Ontario residence at 16 Shea Court, Toronto, with a \$600.00 per month lease document dated May 1, 2014; thus, helping to ensure Jim Young could move back and forth across the border when he had no actual Canadian residence. While this is, for all intents and purposes, a private arrangement it causes us great concern, and leads us to consider whether there are self-serving deals between you and Jim Young. It also brings Jetlines into a cross border ethical/legal issue with one of our employees that we may still be responsible for. So in July 2014 when you self-initiated an invoice to Jetlines for \$40,000.00 saying Jim Young told you Jetlines would pay you \$7,000.00 per month, and no one bothers to have any form of a contract or inform the CEO when you see him, red flags go up. In other words and to be very blunt, a non-itemized invoice for \$40,000 of un-contracted work, based on your story of a verbal promise from a person you are creating other questionable documents with (who has been told in writing that there is no contract) is a real concern for us. Again there are possible ethical/legal issues at play. You may consider these strong words; however, to ethically, morally and legally protect Jetlines we need to consider our next steps with these transactions between you and Jim Young and your representation of a \$40,000.00 invoice.

In addition, it appears that Jim Young was feeding you confidential Jetlines information so that you could later use this information to advance your own company's (ArCompany) interests. On April 3, 2014 you e-mailed Jim Young and other members of the ArCompany team the following:

"I did not invite Dave Solloway (and I assume no one else has ... let me know if otherwise), as I want to talk about the ArCompany CJL proposal and my current understanding of the available CJL budget for the Go To Market / Marketing functions, and then how this needs to line up with the proposal."

Again a relationship between you and Jim Young is exposed that intentionally excludes CJL's Chief Commercial Officer, other CJL management team members and the Board of Directors in the process, and indicates that it was the Jetlines internal budget numbers that was being sought after. Within Jetlines Jim Young fought hard to single source any marketing efforts to ArCompany, which was not his role as an officer of Jetlines. With a MBA you should be aware of the ethical issues associated with using a personal relationship to gain an unfair advantage in bidding for company business. This is hardly consulting work for Jetlines.

From an initial review of the "Summary of Work Activities for Canada Jetlines":

- You signed a finder's fee contract that defined terms with no monthly fee;
- As an experienced and educated businessman you know that a large scale change in terms (monthly fees) requires a change to your existing contract – which was not done;
- The notion that you were an advisor because you were included in presentation material as such is not supported by a contract, the fact you were presented this way was at the insistence of Jim Young who stated you wanted the added exposure to attract investors.

- If your terms with Jim Young were verbal then when Jim Scott met you in Toronto we question why this matter wasn't raised at that opportunity. Also Jim Young was told in writing that no advisory contract was in place or would be honoured. You spoke with Jim Young numerous times a week. Thereby, it is highly questionable that you could presume there was a verbal contract given these facts.
- The work you are claiming as completed does not in any way equal the approximate 350 hours of time that you are attempting to claim. A skilled and professional consultant would know this. This claim is therefore considered unsubstantiated and touches on being unethical; and
- The idea seems a little out of line that you should be paid while under a Finder's Fee Agreement for the negotiation with an "IB" that saw Jetlines end up with Byron that was in the final stages of going out of business, and taking Jetlines' cash with them.

Nevertheless, Bob, as I indicated in my email of 4 Jul, we do believe that you did do work for Jetlines above the finders agreement, but certainly not \$40,000.00. We also have a basic belief that you did this work in good faith. Even without a written contract for non-finder items we have offered you 25,000 shares at \$.30 as compensation. I can bump that to 30,000 shares. We will also honour the commitment to four months at \$500 per month as noted earlier.

We are under real time constraints as we can't issue shares past this week's closing. Assuming that you wish to move ahead with the offer I have again attached the sub agreement. Please fill out the first five pages, scan and send them to me along with an invoice for \$9,000 (30,000 shares). I'll counter-sign the document and send it back to you. As our original deadline was noon Pacific time Wed, we feel it is only proper to modify that to 4:00 PM Pacific Wed July 16, 2014. This will allow you time to consider this offer after which time the offer will have to lapse.

Sincerely,

Dix Lawson
Chief Administrative Officer and Program Manager
Canada Jetlines Ltd.

(w) 604-273-5387 (JETS)
(c) 604-754-8255
(f) 604-273-5399

=====
<image001.jpg>

Room C4408 YVR International Terminal Bldg, 3211 Grant McConachie Way, Richmond BC V7B 0A4

Mail:
P.O. Box 32382
Vancouver Airport Domestic Terminal R.P.O.
Richmond, BC, Canada, V7B 1W2

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**NEWS RELEASE****NewLeaf's Latest Team Members Have Landed**

WINNIPEG, Manitoba – September 16, 2015 – NewLeaf Travel Company Inc. is pleased to announce the addition of two new members to the leadership team supporting the rapid growth of the Winnipeg based travel company.

Dean Dacko having recently returned from three years as the Senior Vice President, Head of Marketing and Product for Malaysia Airlines, brings years of national and international experience and expertise to the company. During his time in Asia, Dacko was recognized and awarded as one of the 50 Most Talented CMO's in Asia, 2013 Asia's Leading Airline, and Asia's Best Brand Award. He joins the team as Chief Commercial Officer and will be responsible for all marketing, sales, distribution, and revenue generation responsibilities.

Amie Seier also joins and brings her social media and community engagement skills in both tourism and retail sectors as a Marketing Manager. Both new executives are Winnipeg born and are excited to see the company's head office in their hometown.

"We're thrilled to have both Dean and Amie on board," said Jim Young, NewLeaf's President and CEO. "Dean's wealth of experience in the tourism and travel industry combined with Amie's focus on connecting with prospective customers through social media, fuels our plan to communicate with travellers and be Canada's first ultra-low cost focused travel company, offering service to un-served and underserved destinations across Canada and to leisure destinations throughout North America."

The ultra low-cost modeled travel company doesn't plan on slowing down, but is planning on ramping up the hiring here in Winnipeg. "This is only the beginning of the first wave of employees to begin at NewLeaf. Our long term goal is to create an excess of 750 new jobs here in the city and significantly stimulate the economy," said Young.

NewLeaf is partnering with Kelowna-based Flair Airlines, Ltd, which owns and operates a fleet of Boeing 737-400s. As the operator partner, Flair Airlines will provide the aircraft, maintenance and crews to help this venture takeoff. NewLeaf will be also operating bases out of Hamilton and Kelowna, but Winnipeg will be where they intend to call home.

NewLeaf's initial route map will be announced in the near future in Winnipeg, Manitoba, Kelowna, British Columbia and Hamilton, Ontario.

About NewLeaf

NewLeaf Travel Company Inc. is a new, privately held, Canadian company headquartered in Winnipeg MB, whose purpose is to provide leisure travellers with an alternative travel experience at a lower cost. In partnership with Flair Airlines, NewLeaf will offer scheduled



NEWS RELEASE

nonstop flights from the company's bases in Kelowna, Winnipeg and Hamilton to multiple domestic and international destinations. NewLeaf customers save money through low fares that are unbundled and transparent, only paying for what they want and use with no surprises. See more at www.NewLeafTravel.ca

About Flair Airlines

Flair Airlines, Ltd is a Canadian airline with operations based in Kelowna, Calgary and Hamilton. The company provides private group air charter service and is certified to operate worldwide with five comfortable and quiet Boeing 737-400 passenger jets. Flair has been in business since 2003 and has a strong track record of safety and service. See more about Flair Airlines at www.Flairair.ca

For more information contact:

Amie Seier, Marketing Manager
NewLeaf Travel Company Inc.
Email: Media@NewLeafCorp.ca
Website: www.NewLeafTravel.ca
Phone: 204-390-1201

From TICO@tico.ca Mon Jul 25 18:04:00 2016
Date: Mon, 25 Jul 2016 16:03:51 +0000
From: TICO Information <TICO@tico.ca>
To: Gabor Lukacs <lukacs@airpassengerrights.ca>
Subject: RE: Request for a teleconference re: NewLeaf

Hello Mr. Lukacs

Further to our telephone conversation of today, I confirm that TICO has met with a representative of NewLeaf Travel last week. As I explained, TICO's position is that any transactions (travel sales) conducted by NewLeaf Travel at the Hamilton Airport location ONLY would be captured under the Ontario Travel Industry Act, 2002. This would not include transactions made on the NewLeaf website as the company/website is domiciled outside of Ontario.

Accordingly, NewLeaf Travel does require TICO registration and has been advised of same. TICO is currently working with NewLeaf Travel to get their TICO registration in place.

Should you require any further assistance, please feel free to contact me.

Best regards,
Dorian

Dorian Werda
Vice President, Operations

Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

Tel: 905-624-6241 ext 224
Toll free: 1-888-451-8426
Fax: 905-624-8631
Web: www.tico.ca

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-----Original Message-----

From: Gabor Lukacs [mailto:lukacs@AirPassengerRights.ca]
Sent: July 25, 2016 8:02 AM
To: TICO Information
Subject: Request for a teleconference re: NewLeaf

Dear Ms. Werda and Mr. Smith,

We have spoken before. I am a Canadian air passenger rights advocate. I am involved in a public interest litigation before the Federal Court of Appeal relating NewLeaf:

http://docs.airpassengerrights.ca/Federal_Court_of_Appeal/A-242-16/

Mr. Jim Young, CEO of NewLeaf, stated in his affidavit that TICO would require NewLeaf to contribute to the indemnity fund of TICO (see paragraph 6):

http://docs.airpassengerrights.ca/Federal_Court_of_Appeal/A-242-16/2016-07-23--NewLeaf--affidavit--Donald_James_Young--PAGES_WITHOUT_CONFIDENTIAL_INFO.pdf

Subsequently, NewLeaf stated to the Court that it has met with you or one of your colleagues, and that it is in the process of being registered with TICO:

http://docs.airpassengerrights.ca/Federal_Court_of_Appeal/A-242-16/2016-07-24--NewLeaf-to-DutyOfficer--re_cross_examination--TICO_registration.pdf

I would like to speak to you about the following:

- (a) whether the statements made by NewLeaf to the Court are accurate;
- (b) given the unique situation and the interest of the travelling public in being protected by a reputable scheme, such as TICO's, how long do you expect it will take for NewLeaf to become registered; and
- (c) TICO's position with respect to the sales made by NewLeaf so far, and NewLeaf continuing to sell travel services in Ontario pending its legislation.

I look forward to hearing from you.

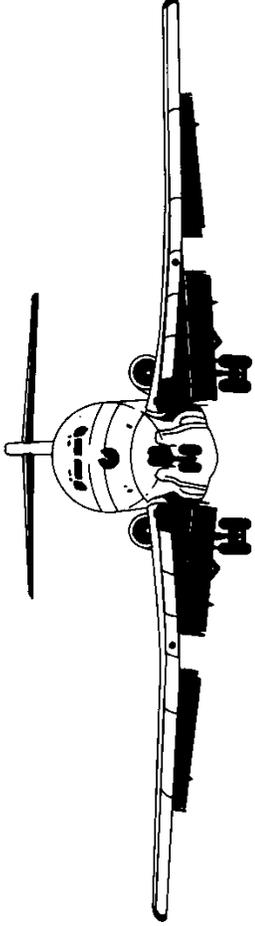
Best wishes,
Dr. Gabor Lukacs

--

Dr. Gabor Lukacs
Air Passenger Rights
Tel : (647) 724 1727
Twitter : @AirPassRightsCA
Facebook: <https://www.facebook.com/AirPassengerRights/>



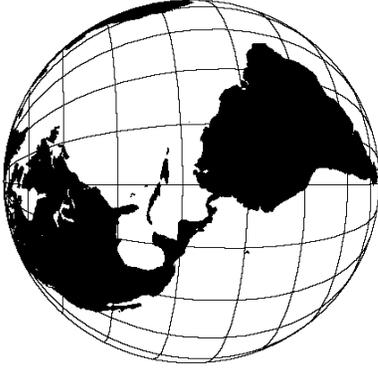
U.S. Department
of Transportation



Air Travel Consumer Report

A Product Of The
OFFICE OF AVIATION ENFORCEMENT AND PROCEEDINGS
Aviation Consumer Protection Division

Issued: February 2016

		
Flight Delays¹		December 2015 12 Months ending December 2015
Mishandled Baggage¹		December 2015 January – December 2015
Oversales¹		4 th Quarter 2015 January – December 2015
Consumer Complaints² (Includes Disability and Discrimination Complaints)		December 2015 January – December 2015
Customer Service Reports to the Dept. of Homeland Security³		December 2015
Airline Animal Incident Reports⁴		December 2015 January – December 2015

¹ Data collected by the Bureau of Transportation Statistics. Website: <http://www.bts.gov>

² Data compiled by the Aviation Consumer Protection Division. Website: <http://www.transportation.gov/airconsumer>

³ Data provided by the Department of Homeland Security, Transportation Security Administration

⁴ Data collected by the Aviation Consumer Protection Division

TABLE 6
CONSUMER COMPLAINTS: RANKINGS
U.S. AIRLINES *

RANK	AIRLINE	DECEMBER 2015			DECEMBER 2014		
		COMPLAINTS	SYSTEMWIDE ENPLANEMENTS	COMPLAINTS PER 100,000 ENPLANEMENTS	COMPLAINTS	SYSTEMWIDE ENPLANEMENTS	COMPLAINTS PER 100,000 ENPLANEMENTS
1	HAWAIIAN AIRLINES	3	887,606	0.34	11	860,426	1.28
2	SOUTHWEST AIRLINES***	64	12,378,845	0.52	41	11,417,694	0.36
3	EXPRESSJET AIRLINES	11	1,982,782	0.55	8	2,405,332	0.33
4	ALASKA AIRLINES	11	1,965,045	0.56	7	1,830,450	0.38
5	SKYWEST AIRLINES	14	2,460,470	0.57	19	2,334,590	0.81
6	JETBLUE AIRWAYS	22	3,157,832	0.70	11	2,855,830	0.39
7	DELTA AIR LINES	82	10,981,637	0.75	64	10,389,918	0.62
8	ENVOY AIR	10	859,797	1.16	5	1,255,710	0.40
9	VIRGIN AMERICA	12	626,009	1.92	5	569,688	0.88
10	UNITED AIRLINES	217	8,028,650	2.70	153	7,453,065	2.05
11	AMERICAN AIRLINES**	386	12,120,007	3.18	149	7,461,479	2.00
12	FRONTIER AIRLINES	63	1,237,802	5.09	45	1,085,380	4.15
13	SPIRIT AIRLINES****	175	1,595,224	10.97	****	****	****
	TOTAL	1,070	58,281,706	1.84	518	49,919,562	1.04

Note: For simplicity, statistics are displayed to two decimal places. Actual ranking order is based on our computer carrying out the number of decimal places to nine.

* All U.S. airlines with at least one percent of total domestic scheduled-service passenger revenues, as determined by DOT's Bureau of Transportation Statistics, plus other carriers that report flight delay and mishandled baggage data voluntarily. The carriers that are ranked in this table are the same carriers that are ranked in the "Flight Delays," "Mishandled Baggage," and "Oversales" sections of this report.

** Effective July 2015, data of the merged operations of American Airlines and US Airways are combined, and appear only as American Airlines in this table. Totals for December 2014 reflect the deletion of US Airways data for that month.

*** Effective January 2015, complaints of the merged operations of Southwest Airlines and AirTran Airways are combined, and appear only as Southwest Airlines in this table. Totals for December 2014 reflect the deletion of AirTran's complaints for that month.

**** Per BTS Technical Directive #24 issued October 10, 2014, Spirit Airlines became a reporting carrier effective January 2015.

From: Jim Young [mailto:jim.young@newleafcorp.ca]
Sent: Friday, February 05, 2016 7:05 PM
To: 'NORMAN LECAVALIER'
Cc: 'Sam Samaddar'
Subject: RE: New Leaf Update

Norm

I have just walked in from a very long day and a 450 km drive in bad weather.

I'm happy to give you a more detailed update if you would like. My intention is to pay you once we have closed on the capital. At this moment we have been unable to complete \$500K in transactions from the FN communities discussed. We are negotiating with TWCC through the weekend and have put a hard deadline on BRFN/Hemisphere Group of Sunday night.

It is my wife's birthday Monday and I am supposed to be home for that. Unfortunately, I am here in Winnipeg getting this deal done.

Please be patient, we will get this done.

Jim

From: NORMAN LECAVALIER [mailto:nlecavalier@shaw.ca]
Sent: Friday, February 05, 2016 8:34 PM
To: Jim Young <jim.young@newleafcorp.ca>
Cc: Sam Samaddar <ssamaddar@kelowna.ca>
Subject: Re: New Leaf Update
Importance: High

Jim,

I think it is best that I pull back at this time. Clearly you are not able to follow through on your commitments.

It is becoming embarrassing for me within the folks that I am working with and at this point volunteer time.

If have a firm plan to address the concerns, then by all means I am willing to listen.

Norm

Norm LeCavalier, Silver Fox Business Strategies

From: Jim Young

Sent: Wednesday, February 3, 2016 3:44 PM

To: 'Norm LeCavalier'

Reply To: Jim Young

Subject: RE: New Leaf Update

I will give him a call. PS- Still no luck on getting funds in today. Going up to the Reservation first thing in the morning to meet with Chief and Council. It's a 2 hour drive each way.

Jim

From: Norm LeCavalier [<mailto:NLeCavalier@shaw.ca>]

Sent: Wednesday, February 03, 2016 5:22 PM

To: 'Sam Samaddar' <ssamaddar@kelowna.ca>; 'Jim Young' <jim.young@newleafcorp.ca>

Cc: 'Norm LeCavalier' <NLeCavalier@shaw.ca>

Subject: RE: New Leaf Update

Importance: High

Jim;

In reviewing Sam's email, I'm not sure if you have responded to Sam in this regard. My guess, it would be prudent on your part to give him a call so that the two of you can clarify this matter.

Talk to you soon.

Sincerely,

Norm LeCavalier

Mobile: 250-575-0344



From: Sam Samaddar [<mailto:ssamaddar@kelowna.ca>]
Sent: Saturday, January 30, 2016 4:38 PM
To: Jim Young
Cc: NORMAN LECAVALIER
Subject: Re: NewLeaf Update

Jim

Despite your lack of leadership and poor communication skills both Norm and have continued to do meaningful work on your behalf.

We have both stuck our reputations way out there.

All the commitments made by you have not come to fruition. Furthermore you have failed to communicate with us when things have not gone as expected and it's only when we put intense pressure on you that you finally decide to communicate.

You made financial commitments to Norm and you have ignored him when he has reached out to you? Do you not think you owe him an explanation ? Furthermore you continue to put him in a difficult situation with how wife, that is not right.

I have asked Norm to hold off on any financial or legal action against New Lead but that is hanging on a thread.

Get past your ego and give him a call, he deserves far better.

You are very close to this coming down around you like a house of cards, for once listen and stop pandering.

Please respond.

Sam

On Jan 24, 2016, at 3:11 PM, Jim Young <jim.young@newleafcorp.ca> wrote:

Sam and Norm

My apologies for not being reachable for the last week. I have had a minute to type up a note and give you a post mortem on the last couple of weeks.

When we announced on Jan 6, we had firm commitments from three investors totaling \$750K, more than enough to launch in the agreed to model, and their agreement that announcing our schedule and commencing sales was a prudent next step,. We took in Rogers 250K prior to the announcement and used some of that money to pay employees, get the website turned on and fund our advertising. Closings from the remaining 500K were to follow in succession. We needed to complete closings in that order due to a settlement agreement we have with Flair on past debt from the Rutherford debacle.

When Flair put the ultimatum to us last weekend, we had to immediately return 50K to Flair in order for them to give us time to develop an orderly return of funds and manage communication with our customers (thank you CL for throwing me under the bus). Additionally, JR communicated with our other 250K investor, who was to close that Friday morning, his concerns and wanting us to suspend sales. That investor walked away from the table.

Further, an additional 750K in investment from Toronto which was also to close this past week was put on hold as we had to disclose our plans to suspend sales on Monday. It's been a tough week.

So, to sum it up. NewLeaf had solved its financial problems and was on a path to have all the cash necessary to launch Feb 12- in a responsible manner. Flair managers (not necessarily the owner) had lost their nerve and exerted enough pressure to force the suspension. Had they not done so, NewLeaf would have over \$1MM in sales to date, \$1.5MM in the bank and be well down the road to a successful Feb 12 launch- and all with three weeks still to go before first flight.

Where are we now?

- We have the consumer firmly on our side and I believe our relaunch will be well received
- We have the attention of the federal government at the ministerial level and will get the

clarity we seek before we start selling again (projected mid March)

- Our First Nations investor has just doubled their investment to 500K (closing all funds by end of the week)
- Additionally FN lawyers are working with our lawyers to build a syndicate of other FN investors as well as banking relationships to access a line of credit for CC backstop.
- We now have significant interest from the Toronto investment community that we plan to aggressively pursue and close before our relaunch.

Sam and Norm, you has always been and continue to be a valuable member of this venture. I know I disclose more information to the two of you than I do to any other stakeholder group (including YWG!) But I trust you both implicitly and value your counsel, the support, time and effort you have both put into this from the start.

I have been unreachable in the last couple of days for a lot of the reasons stated above, but most importantly being that my wife has been in and out of hospital since Wednesday with dangerously high blood pressure due to the stress of this venture on our family's finances and my absence from home while I focus 24/7 to bring funds to the table, pay our obligations, and all the other things we need to do to get launched.... I am going home tomorrow to spend some time with her but will work to make sure we have cash from closings by the end of the week.

Call me if you have any questions.

Jim



[DATES](#)
[FLIGHTS](#)
[PASSENGERS](#)
[ADD ONS](#)
[PAYMENT](#)
[CONFIRMATION](#)
[FINISH](#)

[FLIGHTS](#)
[MY TRIP](#)

Flight Requirements

Round Trip

From

Saskatoon - YXE *

To

Kelowna - YLW *

Departure Date

10 September 2016

Return Date

10 September 2016

Adults *

1

Children

0

Infants

0

Promo Code:

[Find Flights](#)

[Group Booking](#)

Travel Information

All Prices in Canadian Dollar

Departure Flight

From: Saskatoon - YXE To: Kelowna - YLW

Departure: 07 Sep 2016 11:40

Arrival: 07 Sep 2016 12:28

Fare: \$16.78

GST/HST Tax: \$0.84

Total: \$65.00

Number of Passengers

Adults: 1 Children: 0 Infants: 0

Contact Information

All prices are in Canadian Dollar

DESCRIPTION

Air Transportation Charges

O

\$16.78

Reservation Fee

\$0.00

Air Transport Charge

\$18.00

Taxes, Fees and Other Charges

YXE Arpt Improve Fee

\$20.00

Security Charge ATSC

\$7.12

GST/HST Tax

\$3.10

Total to be applied to Credit Card:

\$65.00

Please fill all the information in English

Fields Marked with * are mandatory

If you require special services, such as a wheelchair, etc., please call NewLeaf Customer Service at 204-888-4357 to identify your special needs.

Primary Reservation Contact Information

Title:

Ms./Mrs. *

First Name:

Last Name:

Address Line 1:

Address Line 2:

City:

Country:

Province:

Postal Code:

Email:

Date of Birth:

Phone Number:

Mobile Number:

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Flights operated by Flair Airlines Ltd.

Audit Summary – New Leaf / Flair Airlines Operation (SOR 88-58)

Date: February 3, 2016

Auditor: Laura Mortensen, Curiosity Analysis and Consulting
22 -1853 Parkview Cres, Kelowna BC V1X 8A3
250-575-5542
laura.j.mortensen@gmail.com

Prepared for: Norm LeCavalier, SilverFox Business Strategies Inc.(for NewLeaf)
5395 Ptagrmigan St, Kelowna BC, V1W 5A4
250-764-5301
nlecavalier@shaw.ca

AUDIT SCOPE AND SUMMARY:

An audit was conducted in accordance with the requirements of the Canadian Air Transportation Regulations (SOR 88-58) to ensure that the proposed joint operations of New Leaf and Flair Airlines comply with all requirements and/or to address any gaps or areas requiring additional investigation and/or action.

The audit was carried out under the assumption that the NewLeaf and Flair Airlines will operate under a domestic license only. Some notes are made regarding additional considerations that must be addressed should international operations be added.

The audit does not ensure Flair Airlines compliance with CAR 705 air operator requirements.

From review of the documents noted below, a number of areas requiring action and/or clarification were discovered. Recommendations on how these items should be addressed are also listed.

In summary, there is no reason that NewLeaf and Flair Airlines require any additional licensing to operate a domestic air service. The items to be addressed mainly require some additional policy and/or amendment to the Memorandum of Understanding so that both parties are adequately protected in this joint operation.

REFERENCE DOCUMENTATION:

- 1) Canadian Air Transportation Regulations SOR 88-58
- 2) Memorandum of Understanding between NewLeaf and Flair Airlines dated June 5, 2015
- 3) Flair Airlines CAR 705 Operator Certificate 14941
- 4) Flair Airlines Air Carrier License 050100
- 5) Flair Airlines Air Carrier License 050114
- 6) New Leaf Phased Start Up budget V3 April 27 2015

- 7) NewLeaf Business Plan - 22- March v8
- 8) Flair New Leaf ACMI pricing Grid2
- 9) Proforma Notes WITH ACMI 18March_15 total aircraft

ITEMS REQUIRING ACTION / CLARIFICATION:**Liability Insurance – 7(1), 7(2), 7(3), 7(4), 8(1), 8(2)**

The regulations are very prescriptive about the amounts of insurance required by air carriers and assurance that insurance covers all parties in joint ventures. It must be ensured that the proper required insurance is in place and adequately covers both Flair and New Leaf for the planned operations. See Recommendations.

Insurance requirements per the ATR are as follows:

“For every accident or incident related to the operation: liability insurance covering risks of injury to or death of passengers in an amount that is not less than the amount determined by multiplying \$300,000 by the number of passenger seats on board the aircraft engaged in the service”

For NewLeaf /Flair Airlines = approx. \$44,700,000 per aircraft (B737 – 149 passengers)

“Insurance covering risks of public liability in an amount that is not less than, where the MCTOW of the aircraft engaged in the service is greater than 18,000 pounds, \$2,000,000 plus an amount determined by multiplying \$150 by the number of pounds by which the MCTOW of the aircraft exceeds 18,000 pounds.”

B737 MTOW between 115,500 lb (52,400 kg) and 150,000 lb (62,800–68,000 kg)

For New Leaf / Flair Airlines = approx. \$16,625,000 - \$21,800,000 per aircraft

Public Disclosure – 8.5(1), 8.5(2), 8.5(3), 8.5(4), 8.5(5)

As NewLeaf is a licensee, it must be ensured that Flair Airlines is identified on all service schedules, timetables, electronic displays and any other public advertising as well as to travellers before reservation and on check-in, and that Flair Airlines and the aircraft type are identified for each segment of the journey appear on all travel documents issued. See Recommendations.

Reduction or Discontinuance of Domestic Services – 14(1), 14(1.1), 14(2)

New Leaf and Flair Airlines will need to be aware of the passenger carrying capacities in all cities which they are providing service within Canada to be able to provide proper notice if the passenger carrying capacity will be reduced to a level where notice is required. See Recommendations.

Contents of Tariffs and Interest – 107(1), 107(2), 107(3), 107.1

From review of the Memorandum of Understanding dated June 5, 2015, it is not clear how tariffs will be handled and applied for the New Leaf and Flair Airlines operation. These requirements

should be documented with clear lines of responsibility for the application and update of tariffs. See Recommendations. There are very strict rules governing how tariffs are documented and applied:

"Every tariff shall contain

- (a) the name of the issuing air carrier and the name, title and full address of the officer or agent issuing the tariff;
- (b) the tariff number, and the title that describes the tariff contents;
- (c) the dates of publication, coming into effect and expiration of the tariff, if it is to expire on a specific date;
- (d) a description of the points or areas from and to which or between which the tariff applies;
- (e) in the case of a joint tariff, a list of all participating air carriers;
- (f) a table of contents showing the exact location where information under general headings is to be found;
- (g) where applicable, an index of all goods for which commodity tolls are specified, with reference to each item or page of the tariff in which any of the goods are shown;
- (h) an index of points from, to or between which tolls apply, showing the province or territory in which the points are located;
- (i) a list of the airports, aerodromes or other facilities used with respect to each point shown in the tariff;
- (j) where applicable, information respecting prepayment requirements and restrictions and information respecting non-acceptance and non-delivery of goods, unless reference is given to another tariff number in which that information is contained;
- (k) a full explanation of all abbreviations, notes, reference marks, symbols and technical terms used in the tariff and, where a reference mark or symbol is used on a page, an explanation of it on that page or a reference thereon to the page on which the explanation is given;
- (l) the terms and conditions governing the tariff, generally, stated in such a way that it is clear as to how the terms and conditions apply to the tolls named in the tariff;
- (m) any special terms and conditions that apply to a particular toll and, where the toll appears on a page, a reference on that page to the page on which those terms and conditions appear;
- (n) the terms and conditions of carriage, clearly stating the air carrier's policy in respect of at least the following matters, namely,
 - (i) the carriage of persons with disabilities,
 - (ii) acceptance of children,
 - (iii) compensation for denial of boarding as a result of overbooking,
 - (iv) passenger re-routing,
 - (v) failure to operate the service or failure to operate on schedule,
 - (vi) refunds for services purchased but not used, whether in whole or in part, either as a result of the client's unwillingness or inability to continue or the air carrier's inability to provide the service for any reason,
 - (vii) ticket reservation, cancellation, confirmation, validity and loss,
 - (viii) refusal to transport passengers or goods,
 - (ix) method of calculation of charges not specifically set out in the tariff,
 - (x) limits of liability respecting passengers and goods,
 - (xi) exclusions from liability respecting passengers and goods, and
 - (xii) procedures to be followed, and time limitations, respecting claims;

- (o) the tolls, shown in Canadian currency, together with the names of the points from, to or between which the tolls apply, arranged in a simple and systematic manner with, in the case of commodity tolls, goods clearly identified;
- (p) the routings related to the tolls unless reference is made in the tariff to another tariff in which the routings appear; and
- (q) the official descriptive title of each type of passenger fare, together with any name or abbreviation thereof."

Requirements and Prohibitions Relating to Advertising – 135.8(1), 135.8(2), 135.8(3), 135.8(4), 135.8(5), 135.9, 135.91, 135.92

It is not clear how compliance with advertising of pricing regulations will be handled and applied for the New Leaf and Flair Airlines operation. As it is likely that NewLeaf will be advertising and pricing flights on the website, the responsibility for complying with this part of the regulations may fall to NewLeaf. See Recommendations.

Services, Administration, Damaged or Lost Aids– 147(1), 147(2), 147(3), 148(1), 148(2), 148(3), 148(4), 148(5), 149(1), 149(2), 150, 151(1), 151(2), 151(3), 151(4), 152, 153(1), 153(2), 154, 155(1), 155(2), 155(3), 155(4)

As Flair Airlines is a licensed air carrier, there are policies regarding services that comply with the regulations. However, due to the increased volume of operations and public visibility, it must be ensured that all of the policies are sufficient and that there are adequate staff available to comply with service regulations. These regulations pertain to things such as provisions for dealing with disabled persons and other special service requests. There are in-depth requirements regarding the allowance of aids (including service animals) on flights and for replacement of lost/damaged aids. See Recommendations.

Filing an Application for Inquiry – 156

There is no clear policy for dealing with complaints and/or ensuring that complaints that cannot be handled are directed to the CTA. It is not clear who is responsible to address complaints and/or forward them on to the CTA, as required. See Recommendations.

RECOMMENDATIONS:

Liability Insurance – 7(1), 7(2), 7(3), 7(4), 8(1), 8(2)

It is recommended that the current Schedule I form submitted to the CTA by Flair Airlines be reviewed to ensure insurance amounts meet requirements (see Items Requiring Action / Clarification) and that the MOU be amended to clearly state who is responsible for liability insurance and ensuring it is updated to meet any changes to the NewLeaf and Flair Airlines operations.

It is also recommended that insurance be procured in compliance with Section 8.2(4) and 8.2(5) as this will be required if any international flights are added:

"The licensee shall maintain passenger and third party liability insurance coverage for a service for which another person provides an aircraft with flight crew, at least in the amounts set out in section 7,

(a) by means of its own policy; or

(b) subject to subsection (5), by being named as an additional insured under the policy of the other person."

"Where the licensee is named as an additional insured under the policy of the person referred to in subsection (4), there must be a written agreement between the licensee and the person to the effect that, for all flights for which the person provides aircraft with flight crew, the person will hold the licensee harmless from, and indemnify the licensee for, all passenger and third party liabilities while passengers or cargo transported under contract with the licensee are under the control of the person."

Financial Requirements – 8.1(2)

It is recommended that New Leaf prepare a statement of start-up costs to comply with this regulation.

A review of the start-up budget provided by New Leaf (New Leaf Phased Start Up budget V3 April 27 2015) does not adequately break down costs in accordance with the regulation. This is not technically required, but would likely help to expedite approval by the CTA.

The regulation states:

"...an applicant shall

(a) in respect of the air service specified in the application, provide the Agency with a current written statement of the start-up costs that the applicant has incurred in the preceding 12 months, with written estimates of start-up costs that the applicant expects to incur and with written estimates of operating and overhead costs for a 90-day period of operation of the air service, and establish that

(i) in respect of the start-up costs, the statement is complete and accurate and the estimates are reasonable,

(ii) in respect of the operating and overhead costs, the estimates are reasonable and are based on utilization of the aircraft solely on the specified air service under conditions of optimum demand, which utilization shall be no less than that which is necessary for the air service to be profitable,

(iii) subject to subparagraph (b)(i), the applicant has acquired or can acquire funds in an amount at least equal to the total costs included in the statement and in the estimates,

(iv) the funds are not encumbered and are comprised of liquid assets that have been acquired or that can be acquired by way of a line of credit issued by a financial institution or by way of a similar financial instrument,

(v) the terms and conditions under which those funds have been acquired or can be acquired are such that the funds are available and will remain available to finance the air service,

(vi) subject to paragraph (b), where the applicant is a corporation, at least 50% of the funds required by subparagraph (iii) have been acquired by way of capital stock that has been issued

and paid for and that cannot be redeemed for a period of at least one year after the date of the issuance or reinstatement of the licence, and

(vii) subject to paragraph (b), where the applicant is a proprietorship or partnership, at least 50% of the funds required by subparagraph (iii) have been acquired by way of the proprietor's or partners' capital that has been injected into the proprietorship or partnership and that cannot be withdrawn for a period of at least one year after the date of the issuance or reinstatement of the licence;

(b) where the applicant is or has been in operation,

(i) increase the amount of funds required by subparagraph (a)(iii) by the amount of any shareholders', proprietor's or partners' deficit that is disclosed in the applicant's current audited financial statements which are prepared in accordance with generally accepted accounting principles in Canada, and those additional funds shall be acquired by way of capital stock that has been issued and paid for in the case of a corporation, or by way of the proprietor's or partners' invested capital in the case of a proprietorship or partnership, which capital stock or invested capital is to be subject to the condition prescribed in subparagraph (a)(vi) or (vii), and

(ii) decrease the amount of the capital stock that is required by subparagraph (a)(vi) to be issued and paid for in the case of a corporation, or the amount of the proprietor's or partners' capital that is required by subparagraph (a)(vii) to be invested in the case of a proprietorship or partnership, by the amount of any shareholders', proprietor's or partners' equity that is disclosed in the applicant's current audited financial statements which are prepared in accordance with generally accepted accounting principles in Canada."

Public Disclosure – 8.5(1), 8.5(2), 8.5(3), 8.5(4), 8.5(5)

It is recommended that a review of the booking system be carried out to ensure that Flair Airlines is mentioned on all travel documents as NewLeaf is a licensee by the regulations and must comply with 8.5(2) and 8.5(3).

Domestic Licensing – 10(1), 10(2)

It is recommended that the MOU be amended to state that Flair Airlines is responsible to maintain domestic licensing in accordance with SOR88-58 Section 10(1) and 10(2). Actions to taken if a domestic license is not maintained by Flair Airlines should be discussed and also addressed in the MOU.

Reduction or Discontinuance of Domestic Services - 14(1), 14(1.1), 14(2)

Complete an analysis of proposed current routes for weekly passenger carrying capacity and determine the capacity added by the NewLeaf schedule and whether reductions in service would need to be reported per this regulation:

"For the purposes of subsection 64(1.1) of the Act, a licensee proposing to discontinue a year-round non-stop scheduled air service between two points in Canada, where the proposed discontinuance would result in a reduction, as compared to the week before the proposal is to take effect, of at least 50% of the weekly passenger-carrying capacity of all licensees operating year-round nonstop scheduled air services between those two points, shall give notice of the proposal to the persons, and in the manner, referred to in paragraphs (1)(a) and (b)."

Contents of Tariffs and Interest – 107(1), 107(2), 107(3), 107.1

Decide if tariffs will be applied to the NewLeaf and Flair operations and who will be responsible to document and update tariffs as required. The MOU should likely be amended to reflect the responsibility, application and update of as well as how any tariffs collected will be distributed. It must be ensured that all of the regulatory requirements are addressed (see Items Requiring Action / Clarification)

Requirements and Prohibitions Relating to Advertising – 135.8(1), 135.8(2), 135.8(3), 135.8(4), 135.8(5), 135.9, 135.91, 135.92

It is recommended that requirements for advertising of prices be clearly documented with defined lines of responsibility. Responsibility for compliance with these regulations should be documented in the MOU. If NewLeaf is responsible to comply with the advertising of prices regulations, all the regulations should be reviewed against the proposed policies to ensure that there are no issues.

Services, Administration, Damaged or Lost Aids– 147(1), 147(2), 147(3), 148(1), 148(2), 148(3), 148(4), 148(5), 149(1), 149(2), 150, 151(1), 151(2), 151(3), 151(4), 152, 153(1), 153(2), 154, 155(1), 155(2), 155(3), 155(4)

It is recommended that requirements for services be clearly documented with defined lines of responsibility. Responsibility for compliance with these regulations should be documented in the MOU. If NewLeaf is responsible to comply with some or all of the service regulations, all the regulations should be reviewed against the proposed policies to ensure that there are no issues. An analysis of staffing needs should also be carried out with consideration of the requirement to deal with additional service requests.

It is also recommended that relationships be developed at all airports out of which New Leaf and Flair airlines intend to operate to ensure that regulations around aids can be complied with (i.e. having a replacement aid available.)

Filing an Application for Inquiry – 156

It is recommended that the MOU be amended to address responsibility for responding to customer complaints and/or forwarding them to the CTA, as required. It is also recommended that a clear policy for dealing with complaints and/or ensuring that complaints that cannot be handled are directed to the CTA is documented and a method is provided to allow customers to make complaints, as necessary.

AUDITOR NOTES:

Provision of Aircraft with Flight Crew – 8.2(1), 8.2(2), 8.2(3), 8.2(4), 8.2(5), 8.2(6)

If International service is added to the NewLeaf and Flair Airlines operations, approval will need to be applied for under Section 8.2. Flair Airlines has previously done attained this approval with Cubana de Aviacion S.A.

Reduction or Discontinuance of Domestic Services – 14(1)

If any services are proposed to areas where there is currently no service, there are regulations regarding notification to the public if those services are going to be reduced or no longer offered. This may be a risk for future business development to underserved communities.

International Licensing – 15 – 20

If international service is added to the NewLeaf and Flair operations, a number of additional regulations for licensing must be complied with.

International Charters (Non-U.S.) - Part III

If international service is added to the NewLeaf and Flair operations, the international service must be classified and the applicable additional regulations must be complied with.

Transborder Charters - Part IV

If international service is added to the NewLeaf and Flair operations, the international service must be classified and the applicable additional regulations must be complied with.

Service Schedules - Part VI

If scheduled international service is added to the NewLeaf and Flair operations, an additional license will need to be obtained by Flair Airlines and the service schedule regulations will need to be complied with.

From: Jim Young [mailto:jim.young@newleafcorp.ca]
Sent: Wednesday, February 17, 2016 3:07 PM
To: 'Norm LeCavalier'; laura.j.mortensen@gmail.com
Subject: FW: NewLeaf Travel Inquiry into whether NewLeaf Travel Company Inc. is proposing to operate an air service - Case No. 15-03590

FYI

Jim

From: secretariat [mailto:Secretariat.Secretariat@otc-cta.gc.ca]
Sent: Wednesday, February 17, 2016 4:45 PM
To: jim.young@newleafcorp.ca
Cc: Daniel Cardozo <Daniel.Cardozo@otc-cta.gc.ca>; John Touliopoulos <John.Touliopoulos@otc-cta.gc.ca>
Subject: NewLeaf Travel Inquiry into whether NewLeaf Travel Company Inc. is proposing to operate an air service - Case No. 15-03590

On August 21, 2015, the Canadian Transportation Agency (Agency) initiated an inquiry, into whether NewLeaf Travel Company Inc. (NewLeaf) is proposing to operate an air service and, therefore, required to hold a licence (Inquiry). By Decision No. LET-A-3-2016 dated February 5, 2016 (Decision), the Agency granted NewLeaf until February 19, 2016 to provide any comments on submissions from Enerjet and Jetlines as well as any other information or documentation that it wishes the Agency to consider before making a determination on the Inquiry.

On February 15, 2016, NewLeaf requested an extension of the deadline to March 11, 2016 in order to allow it to provide an appropriate response to Jetlines'.

I have been instructed by the Panel assigned to this case to communicate the following direction:

The Agency has considered the request and grants the extension. NewLeaf has until March 11, 2016 to provide its final comments.

All correspondence should refer to Case No. 15-03590 and be filed through the Agency's Secretariat at secretariat@otc-cta.gc.ca.

Please confirm receipt to all.

Sincerely,

Inge Green

Secrétaire intérimaire de l'Office des transports du Canada

Office des transports du Canada / Gouvernement du Canada
secretariat@otc-cta.gc.ca / Site Web www.otc-cta.gc.ca

Tél. : [819-997-0099](tel:819-997-0099) / Télécopieur [819-953-5253](tel:819-953-5253) / ATS : [1-800-669-5575](tel:1-800-669-5575)

Acting Secretary of the Canadian Transportation Agency

Canadian Transportation Agency / Government of Canada
secretariat@otc-cta.gc.ca / Web site www.otc-cta.gc.ca

Tel: [819-997-0099](tel:819-997-0099) / Facsimile [819-953-5253](tel:819-953-5253) / TTY: [1-800-669-5575](tel:1-800-669-5575)

From: Jim Young <djimyoung@gmail.com>
Date: Mon, Sep 1, 2014 at 6:16 PM
Subject: Re: ArCompany Intel on Kelowna FC, Flair Air and Key People
To: Bob Jones <bob.jones@sympatico.ca>
Cc: Brian Reddy <breddy@attglobal.net>, h.jones@arcompany.co <h.jones@arcompany.co>, a.tobin@arcompany.co <a.tobin@arcompany.co>, a.jenkins@arcompany.co <a.jenkins@arcompany.co>, b.jones@arcompany.co <b.jones@arcompany.co>

Bob. Great work

Thank the whole team at CSIS, sorry I mean ArCompany and remind me never to have a love child hiding in a convent in Switzerland.... They would find it.

Jim

On Sep 1, 2014, at 2:38 PM, Bob Jones <bob.jones@sympatico.ca> wrote:

Jim / Brian,

Hessie and the ArCompany Team have packaged up the Intel Research into a better organized Word Doc and have added some additional info on Tracy Medve and Vern Kakoschke. The new doc is attached.

There will be several other social media specific docs sent later tonight with further intel.

Regards,

Bob

=====

R. G. (Bob) Jones

Office: [416-281-6292](tel:416-281-6292)

Mobile: [647-519-6292](tel:647-519-6292)

bob.jones@sympatico.ca

=====

<ArCompany Intel Research for NewLeaf - KFC & Flair V1- 01-Sep-2014.doc>

From: **Jim Young** <djimyoung@gmail.com>
Date: Fri, Oct 10, 2014 at 2:43 PM
Subject: Re: Branding and Biking
To: H jones <h.jones@arcompany.co>, A tobin <a.tobin@arcompany.co>, Hugh Oddie <hugh@odditie.com>
Cc: Brian Reddy <breddy@attglobal.net>, Bob jones <bob.jones@sympatico.ca>

Hello all

I wanted to add my heartfelt thanks for the work we accomplished this week. I think we nailed a couple of very important things:

1. The brand values really connect us with the airline we want to build and the airline we want to run.
2. The name is very promising. I will be keenly interested in how it tests with our target demographics.

Overall a very good day, my only regret was that I was unable to be with you there in person. Maybe that is why we finished on time both days...LOL.

I know we have been pushing everyone to add value wherever we can and the branding exercise is a big step and a big leap of faith on your part. Thank you for all your efforts and kicking this off. You guys are all very good partners and we will all go far in this venture.

Best,

Jim

On Oct 9, 2014, at 12:59 AM, Bob Jones <b.jones@arcompany.co> wrote:

Hi Guys,

Just wanted to let you know I made it home Tuesday night in the rain. It was actually quite a leisurely drive on the 401, where my rain suit got completely soaked on the outside, but inside I was dry as a bone. And in case you think I am insane, motorcycle tires are actually designed to aquaplane much less than cars. They really behave reasonably well in the rain. And I was listening to SADE most of the way home. So, it was all good.

I also wanted to acknowledge you guys for a job well done at the branding session. The new name of MyAir with values of Family, Festive, Authentic and Savvy is actually pretty different from the existing corporate world, very meaningful and well, Savvy, Baby (Austin Powers).

Amy ... it was great to see you again. Hessie ... thanks for picking up dinner on Monday. And Hugh ... what can I say, you are the penultimate, excuse me, I mean ultimate host and facilitator: good wine, good eats and good results (feel free to substitute "great" for "good", where appropriate). Brian and Jim ... great contributions as always.

Finally, I took the liberty to craft some "tongue in cheek" ads (see attached PPT), which helps

me to internalize the MyAir name, and to get the creative juices flowing on where we could go with our new identity. I am also trying to work on my poetry skills, and although it may not be perfect iambic pentameter, I think you will be entertained.

Till we speak next.

Regards,

Bob

=====

R. G. (Bob) Jones

Office: [416-281-6292](tel:416-281-6292)

Mobile: [647-519-6292](tel:647-519-6292)

b.jones@arcompany.co

=====

<MyAir Ads 2.ppt>

From: **Bob Jones** <bob.jones@sympatico.ca>
Date: Tue, Jun 28, 2016 at 12:04 AM
Subject: Re: Payment
To: "h.jones@arcompany.co" <h.jones@arcompany.co>
Cc: Bob Jones <bob.jones@sympatico.ca>

Hessie,

It's late in the day on Monday and I have been working almost 7 / 24 over the last several weeks to ensure that NewLeaf's website, booking engine, call centre, and airport infrastructure have been up and functioning properly. They all have to support a 7 / 24 high reliability environment.

I read your email (below) and at first I couldn't believe it, indicating that I am untrustworthy. My second reaction shifted to mad and insulted, and then my perspective changed to saddened that our friendship is not strong enough to withstand 4 or 5 days of non-callbacks because I'm really busy. As an aside, **I HAVEN'T CALLED ANYBODY BACK (not even family) UNLESS IT RELATES TO THOSE FOUR ITEMS (website, booking engine, call centre, airport infrastructure), BECAUSE I HAVE HAD NO TIME!!!!** So, I find it a big concern that you think I have been purposefully ignoring you.

Furthermore, I have not been personally monitoring anything on Social Media, I only found out about your online comments when Amie interrupted a conference call I was on (late on Friday) to bring them to my attention. And even then I couldn't spend much time on it.

Your reference to incessant calls and emails going unanswered amounts to two text messages on Jun 22 asking if I was available for an update call and one email on June 24 providing some NewLeaf feedback on Reddit (according to my records). There was no indication of urgency in your messages and yet you think I am purposefully ignoring you, when I am extremely busy trying get this thing off the ground to earn money for all. I would hardly say two text messages and one email without urgency are incessant. I wouldn't even say they were persistent! You didn't call me back on the weekend ... should I be offended ... no, I know you'll call me back when you can ... so much for mutual trust.

As I have told you repeatedly, Brian is managing the payment activity and he fully intends to complete the payment, but money has to flow in first, before it can flow out. And I frequently remind him and he acknowledges the intent to finish the transaction when able.

I certainly understand your frustration, but as I have told you before, the issue was being addressed and for you to encourage regular contact with Brian.

I suggest you re-read this email trail again from the bottom and it should be obvious why your email has driven the flavour of this email.

I am open to having a conversation, but don't treat me like I'm the problem!

I assume our conversations are between you and I and not for anyone else's consumption.

Regards,

Bob

Mobile: [647-519-6292](tel:647-519-6292)

On 2016-06-27 12:01, Hessie Jones wrote:

Bob,

I am so disappointed that my my trust in you, my incessant emails and phone calls have gone unanswered, while the social media postings got your attention immediately. I have been very patient, believing that NewLeaf would do the right thing.

The truth is that a number of us got only promises but no payment for our work, and I am not going to assist NewLeaf in hiding the truth. You yourself have said you do not trust Jim and I can't afford to keep believing that NewLeaf has plans to pay me.

I can offer you a simple solution if NewLeaf is concerned about their reputation: pay the bill, and as a bonus I will even post a "thank you" note online.

Hessie

Hessie Jones | CEO | [ArCompany](#) | h.jones@arcompany.co

[647.999.2348](tel:647.999.2348) | [@hessiejones](#) | [ArCompany Blog](#)

Check out my new book on Amazon: [EVOLVE, Marketing \(^as we know it\) is Doomed!](#)

On Sat, Jun 25, 2016 at 1:19 PM, bob.jones wrote:

Hessie,

Amie Seier forwarded a number of posts you made connecting with Melanie Dodaro and Gabor Lukacs about NewLeaf non-payment.

I see you called me twice on Wed and I apologize I didn't get back to you more quickly. I have been up to my ying yang in start up issues.

I don't think this public posting on monies owed is going to help expedite things.

Call me anytime this weekend and we can discuss.

Regards ,

Bob

Mobile : [647-519-6292](tel:647-519-6292)

Sent from Samsung Mobile

From h.jones@arcompany.co Fri Jul 1 01:07:30 2016
Date: Thu, 30 Jun 2016 19:07:14 -0400
From: Hessie Jones <h.jones@arcompany.co>
To: Brian J. Meronek' <bmeronek@darcydeacon.com>
Cc: Gabor Lukacs <lukacs@airpassengerrights.ca>, Ian McIvor' <imcivor@darcydeacon.com>, Orvel L. Currie <ocurrie@darcydeacon.com>, gstefanson@darcydeacon.com, NORMAN LECA VALIER <nlecavalier@shaw.ca>
Subject: NewLeaf's unpaid invoices

[The following text is in the "UTF-8" character set.]
[Your display is set for the "ISO-8859-2" character set.]
[Some characters may be displayed incorrectly.]

Dear Mr. Meronek,

I am writing on behalf of ArCompany, one of several vendors whose invoices NewLeaf has failed to pay for over a year. A copy of Invoice no. 0000108 dated May 20, 2015 for the amount of \$76,485.12 is attached.

A copy of Mr. Bob Jones's email dated April 6, 2016, acknowledging the outstanding invoice for prior work, including the work summary, is also attached.

I reiterate my request, communicated by email to Mr. Young, Mr. Jones, and Mr. Reddy, that NewLeaf pay this outstanding invoice by JULY 4, 2016.

Sincerely yours,
Hessie Jones

Hessie Jones | CEO | ArCompany | h.jones@arcompany.co

647.999.2348 | @hessiejones | ArCompany Blog

[ARC_FINAL_TRADEMARK.png]

Check out my new book on Amazon: EVOLVE, Marketing (^as we know it) is Doomed!

[Part 2, Application/MSWORD (Name: "ArCompany Work Done for NewLeaf]
[14-Apr-2015.doc") 730 KB.]
[Unable to print this part.]

[Part 3, Application/PDF (Name: "Invoice-0000108 NewLeaf May 20,]
[2015.pdf") 61 KB.]
[Unable to print this part.]

[Part 4, Application/PDF (Name:]
["2016-04-06--15-07--Bob_Jones-to-Hessie_Jones--re_outstanding_invoic]
[e.pdf") 42 KB.]
[Unable to print this part.]

Discount airline eyes Winnipeg for hub but faces opposition from First Nations

Canada Jetlines wants transport minister to give B.C.-based company an exemption on foreign investment rules

By Sean Kavanagh, [CBC News](#) Posted: Aug 19, 2016 4:00 AM CT
Last Updated: Aug 19, 2016 7:40 AM CT

Travellers may clear Canada Jetlines for landing, but an investment group of seven Manitoba First Nations wants the discount airline startup grounded before takeoff.

- [Canada Jetlines gets local support for changes to foreign ownership rules](#)
- [Summer ends with no ultra-low-cost airline in Hamilton](#)
- [Jetlines CEO Dave Solloway pitches new low-cost airline](#)

Canada Jetlines wants Transport Minister Marc Garneau to give the B.C.-based company an exemption on foreign investment rules for airlines. The current limit is 25 per cent. The company says it has an investor lined up from Europe and wants the cap raised to 49 per cent.

Canada Jetlines president and CEO Jim Scott says the company will bring new ultra low fares to Winnipeg, and 250 direct jobs and 1,200 total jobs, as well as inject \$260 million into the local economy by the eighth year of operation.

The prairie city would become an east-west hub for the carrier, he said.

"Winnipeg is, by it's geographical location, a place to have crews based and to have aircraft overnighing, and by overnighing creating the maintenance," Scott said.

But to find the capital (approximately \$27 million) to satisfy requirements for a federal airline licence, the company wants Ottawa to ease foreign investment restrictions.

The company solicited letters from politicians and stakeholders across the country, asking the federal government to grant Jetlines the exemption.

"They basically said the same thing; our communities are not being fully developed because they don't have the proper air service into them," Scott said.

But the South Beach Capital Partners are sending the minister a different letter.

First Nations investors want competition grounded

The group of seven Manitoba First Nations recently made a sizable investment in NewLeaf Travel. The Winnipeg-based ticket seller has partnered with Flair Airlines to offer discount flights, operating 60 flights a week since starting in July.

- [Winnipeg-based NewLeaf finally takes flight](#)

Speaking on behalf of the South Beach Capital Partners, Brokenhead Chief Jim Bear says the letter being sent to the federal minister on a rule change asks for a definite no.

"As First Nations we are always being told, 'Why don't you guys get into business? Why don't you work towards self-sufficiency?' Then when we do, to have the audacity of foreign ownership come into play," Bear told

CBC News.

Bear says the partners are also writing to Indigenous and Northern Affairs Minister Carolyn Bennett to lobby on their behalf against the exemption.

The group hopes to leverage its investment in NewLeaf into training partnerships with schools such as Red River College.

Bear noted that the port of Churchill and the rail line to the community are in the hands of foreign investors, and now the port is being closed and rail service has been cut in half.

- [Trudeau government still mulling Port of Churchill options](#)

Airports authority welcomes competition

Winnipeg Airports Authority president Barry Rempel wrote to the federal transport minister with his endorsement of the exemption for Canada Jetlines.

Rempel says Canada's foreign investment restrictions should reflect what's happening globally, and said that as they are, they are too strict. He points to Australia with what he says is a booming airline industry and few investment restrictions.

The airport executive says easing the restrictions could even benefit NewLeaf in the long run, but he sympathizes with the investment partners and the company.

"I do feel obviously for them in that they feel the rules are changing since they started that investment."

A recent transportation review for the federal government also recommended the exemption limit increase, but it may take years for those changes to happen.

- [Foreign investment limits 'overly restrictive' for Canadian airlines, says Laurier economist](#)

Rempel says more companies such as NewLeaf and additional routes out of Winnipeg are good news for consumers.

"There is more competition here now. New routes to new places, and the fares are the kind of fares that are encouraging people to travel, so it's a good summer for our community."

NewLeaf wants time to grow

NewLeaf president Jim Young says the company's first month of operation in Winnipeg has been a success and it is eyeing new routes for the fall. As a sign of commitment to the city, Young says, it has decided to base an aircraft here, which means crews and maintenance work feeding the local economy.

But Young isn't pleased with the idea of investment restrictions being changed for Canada Jetlines just as NewLeaf is taking off.

"There is already an ultra low-cost carrier in the combination of NewLeaf and Flair in the market. As a result, let's see how that works... We don't necessarily need to see a ton of competition thrown into the market."

But he says they are ready to compete if necessary.

Young says he is proud of the investment South Beach Capital Partners has made, and the First Nations investment is about as Canadian as you can get.

"Getting First Nation investment was a big achievement as far as NewLeaf was concerned. It's good for Manitoba."

There no timeline on a decision from the federal government. A spokesperson for Transport Canada says the department "is currently reviewing the request by consulting stakeholders and evaluating the public interest."