

# LECKER & ASSOCIATES

EMPLOYMENT AND BUSINESS LAWYERS

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ATTENTION: Robert A. Morin, Secretary General

FAX NO.: (819) 994-0218

NUMBER OF PAGES:  
(INCLUDING FAX PAGE) 31

FROM: Matthew A. Fisher

DATE: September 2, 2010

RE: FIGHT MEDIA INC.,  
APPLICATION NO. 2010-0150-3,  
INTERVENTION ON BEHALF OF MICHAEL  
GARROW

ORIGINAL TO:

FOLLOW BY MAIL       NOT FOLLOW BY MAIL       FOLLOW BY COURIER

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# LECKER & ASSOCIATES

## EMPLOYMENT AND BUSINESS LAWYERS

BRAM A. LECKER, B.A., LL.B.  
MATTHEW A. FISHER, B.A., LL.B.

REPLY TO:  
MATTHEW A. FISHER  
EMAIL: MFISHER@LECKERSLAW.COM

COUNSEL:  
HARVIN D. PITCH, LL.B., LL.M. (HARVARD)  
CERTIFIED BY THE LAW SOCIETY AS A SPECIALIST IN CIVIL LITIGATION

BRIAN D. BELMONT, LL.B.  
JOSEPH A. NEUBERGER, LL.B.  
CAROLINE URSULAK, LL.B.

September 2, 2010

**DELIVERED BY FAX: (819) 994-0218**

Canadian Radio-Television and Telecommunications Commission  
Ottawa, Ontario  
K1A 0N2


**Attention: Robert A. Morin, Secretary General**

Dear Mr. Morin:

**RE: FIGHT MEDIA INC., APPLICATION NO. 2010-0150-3, INTERVENTION ON  
BEHALF OF MICHAEL GARROW**

A true copy of our intervention, dated September 2, 2010, has been served upon the applicant by fax. The fax confirmation sheet confirming successful transmission is attached hereto.

Yours very truly,



MATTHEW A. FISHER  
MAF/mm

Encl.

cc. M. Garrow

# LECKER & ASSOCIATES

## EMPLOYMENT AND BUSINESS LAWYERS

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Canadian Radio-Television and Telecommunications Commission  
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K1A 0N2

**Attention: Robert A. Morin, Secretary General**

Dear Mr. Morin:

**RE: FIGHT MEDIA INC., APPLICATION NO. 2010-0150-3, INTERVENTION ON  
BEHALF OF MICHAEL GARROW**

1. I am the solicitor acting for Michael Garrow, a former employee of The Fight Network Inc. ("TFN Inc."). I writing in opposition to application no. 2010-0150-3 by Fight Media Inc. ("FM Inc."). I do not request to appear at the public hearing.
2. My client is engaged in a number of separate actions in the Ontario Superior Court of Justice against TFN Inc., including one related to the wrongful termination of his employment, enclosed hereto as Schedule "A" and another for its failure to pay company debts that were outstanding on a corporate credit card that had been taken out in his name, enclosed hereto as Schedule "B". Both of these matters are in the midst of ongoing litigation.
3. TFN Inc. is the licence holder for the digital television station operating as The Fight Network.
4. On May 5<sup>th</sup> of this year, the Commission withdrew a very similar previous application to the one at hand seeking to transfer the broadcasting licence from TFN Inc. to FM Inc.
5. The Commission stated at the time:

"The Commission notes that it was unaware of this proceeding when it placed "Fight Media Inc.'s (Fight Media) application on the agenda for this

-2-

public hearing, and that the existence of the civil proceeding was only brought to its attention through interventions filed in opposition to Fight Media's application."

6. The Commission went on to state that:

"The Commission will be prepared to reschedule Fight Media's application once the court proceeding is resolved."

7. To date, a number of actions, including those involving Mr. Garrow, continue against TFN Inc.
8. If the CRTC were to allow the TFN Inc. to convey its broadcasting licence to FM Inc., it would have the irreparable effect of unjustly depriving Mr. Garrow of any damages owing from his lawsuits against TFN Inc., insofar as it would permit TFN Inc. to shift all of its receivables and assets to FM Inc. To allow this to take place would be contrary to the interests of justice and could very well have the effect of needlessly depriving a legitimate Plaintiff and former employee of damages against his former employer flowing from his employment.
9. Thus, we are asking the CRTC to postpone any transfer of the broadcasting license of The Fight Network until such time as TFN Inc.'s ongoing litigation matters have been fully resolved.

Yours very truly,

*M. Fisher*

MATTHEW A. FISHER  
MAF/mm

Encls.

cc. Michael Garrow  
cc. Fight Media Inc, by fax: (416) 777-7439

AMENDED THIS MODIFIÉ CE March 31/10 PURSUANT TO CONFORMÉMENT A  
 RULE/LA RÈGLE 26.02 ( B )

SCHEDULE "A" - WRONGFUL TERMINATION

Court File No. CV-08-369487

THE ORDER OF L'ORDONNANCE DU  
DATED / FAIT LE Bevil Bagul

ONTARIO

SUPERIOR COURT OF JUSTICE

REGISTRAR SUPERIOR COURT OF JUSTICE  
GREFFIER COUR SUPÉRIEURE DE JUSTICE

BETWEEN:

MIKE GARROW

Plaintiff

- and -

THE FIGHT NETWORK INC., TFN GLOBAL INC., MAYHEM MEDIA  
CORP., 1535734 ONTARIO LIMITED, LOUDEN OWEN  
and EDWIN NORDHOLM

Defendants

**AMENDED  
STATEMENT OF CLAIM**

TO THE DEFENDANT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff(s). The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff(s) lawyer(s) or, where the plaintiff(s) do(es) not have a lawyer, serve it on the plaintiff(s), and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL

FEEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF(S) CLAIM, and \$500.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff(s) claim and \$100.00 for costs and have the costs assessed by the Court.

DATE: December 29, 2008.

ISSUED BY: "F. YOUSSEF"  
Registrar

Address of Court Office:

393 University Avenue, 10<sup>th</sup> Floor  
Toronto, Ontario  
M5G 1E6

TO: TFN Global Inc.  
488 Wellington Street West  
Suite 204  
Toronto, Ontario  
M5V 1E3

AND TO The Fight Network Inc.  
488 Wellington Street West  
Suite 204  
Toronto, Ontario  
M5V 1E3

AND TO Mayhem Medial Corp.  
One First Canadian Place  
Suite 2810  
Toronto, Ontario  
M5X 1A4

AND TO Louden Owen  
18 Jaaney Place  
Toronto, Ontario  
M5M 3S5

-3-

AND TO Edwin Nordholm  
29 Colin Avenue  
Toronto, Ontario M5P 2B8

AND TO 1535734 Ontario Limited  
79 Wellington Street West  
Suite 3000, TD Centre  
Toronto, Ontario  
M5K 1N2

AND TO Lenczner Slaght Royce Smith Griffin LLP  
c/o Glenn A. Smith and Kristian Borg-Oliver  
Suite 2600  
130 Adelaide Street West  
Toronto ON M5H 3P5

-4-

### CLAIM

1. The Plaintiff, ~~Michael R. Garrow~~, claims:

(a) for wrongful dismissal and breach of contract:

(i) the sum of ~~\$125,000.00~~ \$143,480.22 for pay in lieu of notice over the notice period;

(ii) damages representing the fair market value of 125,000 stock options granted on April 3, 2008 that vest to the plaintiff before the end of the notice period;

(iii) \$16,000.00 for car and gas allowance normally payable to the plaintiff over the duration of the notice period;

(iv) ~~\$24,000.00 for accrued but unpaid vacation pay;~~

(iv) Damages representing the cost of replacement benefit coverage over the notice period;

(v) Reimbursement for any and all expenses incurred by the plaintiff in his efforts to mitigate the loss of his employment.

(b) ~~An order pursuant to section 248 of Ontario Business Corporations Act, R.S.O. 1990 c. B16, requiring the defendants, each or all of the them, to purchase the plaintiff's shareholdings in TFN Global Inc. at the value they would have had but for the oppressive actions of the defendants;~~



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- (c) ~~In the alternative to (b) above, an order pursuant to section 248 of *Ontario Business Corporations Act* as the court determines will best do justice between the parties;~~
- (b) prejudgment interest at a reasonable rate of return in accordance with section 130 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended or, in the alternative, in accordance of section 128 of the *Courts of Justice Act*;
- (c) postjudgment interest at a reasonable rate of return in accordance with section 130 of the *Courts of Justice Act*, or, in the alternative, section 129 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended;
- (d) the costs of this proceeding on a substantial indemnity basis, plus goods and services tax thereon; and,
- (e) Such further and other relief as to this Honourable Court may seem just.

2. The plaintiff, Michael R. Garrow ("Garrow") is an individual residing in the City of Burlington, in the Province of Ontario. In 2004 he founded The Fight Network, a ~~speciality~~ specialty cable television channel showing mixed martial arts ("MMA") and other combat related programming. Until his wrongful dismissal by The Fight Network Inc., TFN Global Inc. and Mayhem Media Corporation on August 1, 2008, Garrow was employed by those defendants as Vice President and Chief Strategy Officer of The Fight Network.

3. The defendant, The Fight Network Inc. ("The Fight Network") is a company incorporated under Federal law, with its head office in Toronto. The Fight Network holds a specialty broadcasting license for The Fight Network television channel granted by the

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Canadian Radio Television and Telecommunications Commission ("CRTC").

4. TFN Global Inc. ("TFN") is a corporation incorporated under the laws of Ontario, with its head office situated in Toronto. The Fight Network is a wholly owned subsidiary of TFN.

5. Mayhem Media Corporation ("Mayhem") is corporation incorporation under the laws of Ontario, with its head office in Toronto. It is the only voting shareholder of TFN.

6. 1535734 Ontario Limited ("1535 Ltd.") is a company incorporated under the laws of Ontario, with its head office in Toronto. 1535 Ltd. is a 50% shareholder of Mayhem.

7. Loudon Owen ("Owen") is an individual residing in the City of Toronto, in the Province of Ontario. He is the President of the Fight Network, Chairman of the Board of TFN, a Director and Officer of Mayhem and is a 50% shareholder in Mayhem.

8. Edwin Nordholm ("Nordholm") is an individual residing in the City of Toronto, in the Province of Ontario. He is the President of Mayhem and owns 100% of the shares of 1535 Limited. He is also a director of The Fight Network.

9. The defendants The Fight network, TFN and Mayhem will be referred to collectively as the "Employer".

### Overview

10. In this action, Garrow claims damages for wrongful dismissal arising out of the termination of his employment by the Employer, ~~as well as reliefs under section 248 of the Ontario Business Corporations Act arising out of the oppressive actions of the defendants in relation to Garrow's shareholding in TFN.~~

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11. Garrow was a founder of the companies that controlled and directed the operations of The Fight Network television channel and its associated media operations. As the majority shareholder in the parent company, Blackout Communications Inc. ("Blackout"), he exercised effective control of the operations of The Fight Network.

12. In 2007, Garrow's interest in Blackout, along with that of other shareholders, was altered to that of a non-voting interest as part of a takeover and change in control to Mayhem. Garrow remained a director of the company following the change in control.

13. Pursuant to a Governance Agreement dated August 31, 2007 (the "Governance Agreement"), Mayhem was to provide finance and management expertise to allow The Fight Network to continue to expand. Instead, Mayhem's assumption of control resulted in Garrow being removed as a director, the devaluation of the company and, consequently the value of the interest held by Garrow and others, and ultimately the termination of Garrow's employment without cause and without reasonable notice or pay in lieu thereof.

#### **The Fight Network's Corporate Structure**

14. Garrow founded The Fight Network and its television channel in 2004 to broadcast various forms of combat sports and theme related programming across Canada. Garrow's business plan was to expand the Fight Network brand to other markets throughout the world and on multiple distribution platforms of radio, wireless, internet and pay per view television.

15. The Fight Network was incorporated as a wholly owned subsidiary of Blackout, a company in which Garrow had a majority and controlling shareholding. Garrow exercised effective control of the Fight Network through Blackout. Owen was minority shareholder in Blackout at that time.

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16. The Governance Agreement entered into between Blackout and Mayhem provided for, *inter alia*, a change to the capital structure and Board of Directors of Blackout and a change of name for Blackout to TFN. As a result of this transaction, Garrow lost control of TFN and The Fight Network. He remained as a director of TFN and his majority shareholding was converted to Class B non-voting shares.

17. The effective change of ownership and control was subject to CRTC approval, application for which was made on September 12, 2007.

18. Following the approval of this application, Mayhem became the sole holder of Class A voting shares in TFN, and through that company, exercised effective control over The Fight Network, The Fight Network television channel and its related media properties, website, radio shows, wireless applications and merchandising.

19. Mayhem is a closely held private corporation, with the controlling interest held by Owen and 1535 Limited, which is 100% controlled by Nordholm. Garrow pleads, and it is a fact, that as principals of Mayhem, Owen and Nordholm (through 1535 Limited) exercised complete control over TFN and The Fight Network.

20. On October 21, 2008 Mayhem applied to the CRTC for its approval to transfer The Fight Network's digital specialty license from The Fight Network to Mayhem. The application was filed in conjunction with a further corporate reorganization initiated by Mayhem under section 65 of *Personal Property Security Act*.

21. This transfer would remove The Fight Network's (and consequently TFN's) only asset of any substantial value and completely devalue Garrow's shareholding in TFN. This application was done without regard to the interests of the shareholders of TFN and without notice to them.

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22. The application to the CRTC was subsequently withdrawn by Mayhem on November 17, 2008 following a number of interventions from affected parties such as former employees, existing share holders in TFN and third party suppliers. Garrow pleads, and the fact is, that it is still Mayhem's intention to effect the transfer of this asset as some future date.

### Garrow's Employment and Compensation

23. From the founding of the Fight Network in 2004, to the change of control and ownership in 2007, Garrow served as President and Chief Strategy Officer of the Fight Network. Following the change in control in ownership, Garrow was given the title "Founder and Senior Vice President for Strategy".

24. Garrow pleads, and it is a fact, that he was employed by the Employer, such corporations being effective controllers of the operations of The Fight Network. The effective control over all these companies is held by Owen and Nordholm (exercised through 1535 Limited), who are both directors of The Fight Network and TFN.

25. Garrow's compensation package consisted of the following elements:

- (a) Base salary of ~~\$125,000.00~~ \$143,480.22 per annum;
- (b) Stock options awarded on April 3, 2008. The number of options awarded at that time was 250,000. As TFN is a privately held company these shares do not currently trade on any market or exchange.
- (c) Car Allowance – As a benefit of his employment Garrow was provided with a company vehicle carrying the logo of The Fight Network. Although both Garrow and The Fight Network were listed as co-owners of this vehicle, it was agreed

-10-

between the parties that The Fight Network would make all necessary payments, including fuel and insurance.

(d) Company paid benefits including but not limited to health, dental and life insurance.

(e) Vacation of five weeks per year on par with other executives with the company prior to and after the change in control. ~~Due to the amount of travel time on behalf of the business Garrow performed to establish the channel Garrow pleads, and the fact is, that he has accrued vacation pay for a period of 10 weeks. Such accrued vacation pay has not been paid by The Fight Network.~~

26. There is no written employment agreement in place between Garrow and the Employer. ~~Garrow's terms of employment were agreed verbally at the time of the incorporation of The Fight Network. Although Garrow requested a written employment agreement from Owen at the time of the change in control and on many occasions following that event, such a document was ever provided to Garrow.~~

27. It was understood that Garrow's employment was of indefinite duration and could only be terminated for cause, or in the absence of cause, on a reasonable notice of such termination or pay in lieu thereof.

#### The Termination of Garrow's Employment

28. The Employer terminated Garrow's employment on August 1, 2008 without just cause or reasonable notice of such termination or any pay in lieu of notice.

29. The Employer has made no payments to Garrow following the termination of his employment. They have not even paid him the statutory payments to which he is entitled

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to under the *Canada Labour Code* or any other applicable legislation.

30. In addition, ~~The~~ the Employer has failed to make the required payments on the corporate credit card obtained on behalf of the company and held in Garrow's name, leaving Garrow open to proceedings being brought against him by the credit card company American Express. This matter is the subject of another action currently before the Superior Court of Justice.

31. Garrow is 36 years old and possesses a Bachelor of Arts degree in English and Theatre. He has not professional designations. Apart from the founding of TFN, Garrow has relatively limited employment experience. Due to his limited qualifications and the current economic situation it is unlikely that Garrow will find either comparable employment in the near future or be able to raise capital to commence a similar business venture to The Fight Network.

32. Garrow pleads that under the circumstances, a reasonable notice period following the termination of his employment is 12 months.

33. Owen subsequently offered Garrow a new position at The Fight Network as a part time consultant at a greatly reduced salary. Garrow pleads, and it is a fact, that it would not have been reasonable for him to accept this offer of new employment with The Fight Network because of, *inter alia*, the reduced salary, the demeaning nature of the role given his history as founder of the network and the state of the relationship between Garrow and the members of the Board at that time.

#### Garrow's Rights as a Shareholder

34. ~~Garrow pleads that his interests as a shareholder in TFN have been the subject of behaviour that is oppressive, unfairly prejudicial and unfairly disregarding of these~~

~~-12-~~

~~interests as particularized below and cites in particular:~~

- ~~(a) The assets of TFN have been subject to an attempt to wrongfully remove them and have been devalued by the actions of Mayhem, Owen, 1535 Limited and Nordholm;~~
- ~~(b) Garrow was wrongfully removed as a director of TFN;~~
- ~~(c) Owen and Nordholm are in a conflict of interest regarding their duties and responsibilities as directors and officers of TFN and their position as principals of Mayhem.~~
- ~~(d) Further oppressive conduct is within the knowledge of the defendants and will be particularized following discoveries in this matter.~~

~~35. On the restructuring of Blackout/TFN in November 2007, Garrow became a non voting shareholder in, and director of, TFN. As a shareholder Garrow is entitled to the protection afforded to all shareholders under the *Ontario Business Corporations Act*, as amended.~~

~~36. In the capital restructuring of Blackout/TFN that followed the conclusion of the Governance Agreement between the parties dated August 31, 2007, Mayhem became the sole voting shareholder in TFN. As part of this transaction and pursuant to a Bridge Loan Agreement also dated August 31, 2007, Mayhem provided a revolving credit facility in favour of Blackout/TFN in the amount of \$500,000.00.~~

~~37. In connection with these financial arrangements, Mayhem states in its October 21, 2008 application to the CRTC that it obtained a security interest in the assets of TFN and the Fight Network. In that same application Mayhem indicated that it was intending to~~



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~~realize on the assets of The Fight Network and TFN, thereby giving it complete control over the broadcasting license held by The Fight Network.~~

~~38. The broadcasting license is the largest and most significant asset held by The Fight Network and consequently by its parent company TFN. It is also the primary revenue source for the company, from monthly subscribers fees paid to the channel by various cable, satellite and IPTV television providers in Canada. Transferring this asset to Mayhem will completely devalue the shares of the non-voting shareholders of TFN, including Garrow.~~

~~39. Garrow pleads and it is a fact, that no consultation or discussion was had with the non-voting shareholders of TFN, nor was any notice given to them in relation to the actions contemplated and executed by Mayhem on October 21 2008 with the CRTC.~~

~~40. Following the takeover, Garrow's reasonable expectation as a shareholder was that the defendants would continue to operate and manage the business in accordance with management best practice, would provide the additional financing set out in the Governance Agreement and would expand and grow the business in line with Garrow's original business plan.~~

~~41. Instead, the defendant appointed a management team which had to removed within six months of their appointment. The value of the business and its relationship with customers, carriers and staff declined significantly, and the financial position of the company deteriorated.~~

~~42. As both Owen and Nordholm are Directors of TFN and the Fight Network, their actions as principals of Mayhem in this matter are completely in conflict with the duty of care that they owe to TFN and to The Fight Network.~~

~~-14-~~

~~43. Garrow was removed as a director of TFN in or around May, 2008. Garrow pleads, and it is a fact, that had he remained as a Director of TFN he would have been able to defend the interest of the non-voting shareholders on the Board in relation to the transaction proposed by Mayhem. Even when Garrow was a director of TFN he was not kept informed of all Board meetings that took place. When Garrow complained about this activity to Owen and then CEO, George Burger, he was removed as a Director.~~

~~44. Garrow pleads that the conduct of Mayhem as voting shareholders, and Owen and Nordholm as Directors of Mayhem, TFN and the Fight Network are oppressive, unfairly prejudicial to, and unfairly disregarding of the interests of the non-voting shareholders of TFN, including Garrow.~~

~~45. The conduct described herein has brought down the value of shares in TFN below what they would have been worth and Mayhem and its principals complied with their obligations regarding TFN and The Fight Network. Garrow seeks an order pursuant to section 248 of the Ontario Business Corporations Act compelling the defendants to repurchase Garrow's shareholding in TFN at what would have been fair market value but for the oppressive conduct set out above.~~

34. In addition, Garrow seeks payment of the damages he is entitled to as a result of his wrongful dismissal by the defendants, as set out in paragraph 1 of his claim.

### Mitigation

35. Garrow has made all reasonable efforts to mitigate the losses suffered by him as a result of the termination of his employment by the defendants. To date he has been unsuccessful in that regard and currently receives no income.

36. Garrow proposes that this action be tried in the City of Toronto.

~~TEPLITSKY, COLSON LLP  
Barristers  
70 Bond Street  
Suite 200  
Toronto ON M5B 1X3~~

~~Paul S. Rochford (55959D)  
Tel: (416) 865-5316  
[prochford@teplitskycolson.com](mailto:prochford@teplitskycolson.com)~~

~~Tel: (416) 365-9320  
Fax: (416) 365-7702~~

~~Lawyer for the Plaintiff,  
Mike Garrow~~

Date: Dec. 29 / 08

LECKER & ASSOCIATES  
Barristers and Solicitors  
5160 Yonge Street, Suite 1850  
Toronto, Ontario  
M2N 6L9

Bram A. Lecker, LSUC No. 23776D  
(416) 223-5391  
(416) 223-9492 (fax)

Solicitor for the Plaintiff

MIKE GARROW

-and-

THE FIGHT NETWORK INC., TFN GLOBAL INC., MAYHEM MEDIA  
CORP., 1535734 ONTARIO LIMITED, LOUDEN OWEN and EDWIN  
NORDHOLM

Plaintiff

Defendants

Court File No. CV-08-369487

ONTARIO SUPERIOR COURT OF JUSTICE  
Proceeding commenced at Toronto

AMENDED STATEMENT OF CLAIM

LECKER & ASSOCIATES  
Barristers and Solicitors  
5160 Yonge Street  
Suite 1850  
Toronto, Ontario  
M2N 6L9

Bram A. Lecker

Tel: (416) 223-5391

Fax: (416) 223-9492

Solicitors for the Plaintiff

CV-08-00565959  
SCHEDULE "B" CORPORATE CREDIT CARD

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

(Court Seal)

**MICHAEL R. GARROW**

Plaintiff

and

**THE FIGHT NETWORK INC., TFN GLOBAL INC. and MAYHEM MEDIA  
CORP.**

Defendants

**STATEMENT OF CLAIM**

TO THE DEFENDANT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

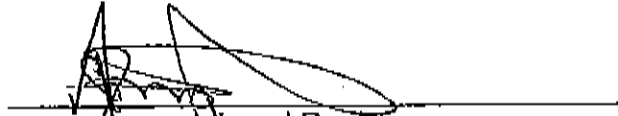
Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

-2-

Date Nov. 10/08

Issued by



Local Registrar

Address of  
court office:

393 University Avenue  
10th Floor  
Toronto, Ontario  
M5G 1E6

TO TFN Global Inc.  
488 Wellington Street West  
Suite 204  
Toronto, Ontario  
M5V 1E3

AND TO The Fight Network Inc.  
488 Wellington Street West  
Suite 204  
Toronto, Ontario  
M5V 1E3

AND TO Mayhem Media Corp.  
One First Canadian Place  
Suite 2810  
Toronto, Ontario  
M5X 1A4

-3-

THIS ACTION IS BROUGHT AGAINST YOU UNDER THE SIMPLIFIED PROCEDURE PROVIDED IN RULE 76 OF THE *RULES OF CIVIL PROCEDURE*.

### CLAIM

1. The Plaintiff, Michael R Garrow ("Garrow"), claims:
  - (a) A declaration that the defendants, each and all of them, are jointly and severally liable for the amount owing and outstanding on the American Express Card with account number 3733-227084-31009 (the "Card"), held jointly by Garrow and The Flight Network Inc.
  - (b) A declaration that Garrow bears no liability for the amount owing and outstanding on the Card in any way;
  - (c) In the alternative to (a) and (b) above, damages in the amount of \$48,367.15 representing the amount owing and outstanding on the Card,;
  - (d) Damages sufficient to reimburse Garrow for all interest, penalties and charges levied by American Express or any collection agency operating on its behalf in relation to the outstanding balance owing on the Card;
  - (e) Damages in the amount of \$5,000.00 on account of the detrimental effect of the defendants' non-payment of this debt on Garrow's credit rating and reputation;
  - (f) Prejudgment interest at a reasonable rate of return in accordance with section 130 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended or, in the alternative, in accordance with section 128 of that Act;

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- (g) Postjudgment interest at a reasonable rate of return in accordance with section 130 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended or, in the alternative, in accordance with section 129 of that Act;
- (h) The costs of this proceeding on a substantial indemnity basis, plus goods and services tax; and,
- (i) Such further and other relief as to this Honourable Court may seem just.

### Parties

2. Garrow is a private individual who resides in Burlington, Ontario. In 2004 he founded The Fight Network Inc. ("Fight Network"), a company providing television coverage of mixed martial arts and other combat sports. Until August 1st 2008, he was employed by Fight Network with the title of Founder and Sr. Vice President of Strategy.

3. Fight Network is a company incorporated under Federal law, with its head office in Toronto.

4. TFN Global Inc. ("TFN") is a corporation incorporated under the laws of Ontario, with its head office in Toronto. Fight Network is a wholly owned subsidiary of TFN.

5. Mayhem Media Corp. ("Mayhem") is a corporation incorporated under the laws of Ontario, with its head office in Toronto. It is the majority and controlling shareholder in TFN.

6. At all material times, Mayhem and TFN exercised effective control over Fight Network, including the activities that incurred the debt currently outstanding and owing



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on the Card. Fight Network, TFN and Mayhem are liable, jointly and severally, for the amount of that debt and all other damages claimed by Garrow in this action.

### Background

7. Garrow, together with a business partner, founded Fight Network In 2004 to promote and televise mixed martial arts and other combat sports In the North American market.

8. Garrow was President and Chief Strategy Officer of Fight Network. As part of the establishment of this new company, Garrow used his personal creditworthiness to obtain an American Express Card in his own name on behalf of Fight Network. The Card was to be used for business expenses at Fight Network, both by Garrow and by other employees of the company.

9. Garrow pleads, and the fact is, that the Card was used by both him and others in the period 2005 to 2008 for the necessary business expenses of Fight Network. There were, in fact, four other supplementary cards on the account that were used by other employees of Fight Network.

10. Although Garrow has in the past used the card for some personal expenses, these portions of the account were repaid by him in full and form no part of the current outstanding debt.

11. Until late 2007, Fight Network paid in full all accounts presented on the Card by Amex. It was understood that it was an implicit term of Garrow's employment that this arrangement would continue throughout Garrow's employment with Fight Network, and

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that Fight Network would be fully and finally responsible for any and all debts accrued on the card for business purposes.

#### **Change of Control of Fight Network**

12. In January, 2006, Garrow's control of Fight Network was transferred to Blackout Communications Inc ("Blackout"). Garrow became a major shareholder in Blackout, which was the parent company of Fight Network. The arrangements for the payment of the Amex account did not change following this transfer of control.

13. In September, 2007, Mayhem acquired 100% of the voting shares of Blackout, ~~thereby assuming effective control of the company. The company changed its name to~~ TFN Global Inc. on September 28, 2007. Garrow became a non-voting shareholder of TFN Global Inc., the newly named parent company of Fight Network.

14. Up to the end of September 2007 the Card was in good standing. In or around late 2007, payments by Fight Network on the Card ceased. A debt in the amount of \$78,367.15 remained outstanding on the Card.

#### **Fight Network's Acknowledgement of the Debt**

15. In early 2008, Amex initiated collection proceedings against Garrow and Fight Network for the outstanding amount of the debt, as the card was still held in Garrow's name on behalf of Fight Network.

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16. On numerous occasions Garrow brought the outstanding debt to the attention of Fight Network's Chairman Loudon Owen, board member Ed Nordholm, President and CEO George Burger, and Chief Financial Officer, Mr. Patrick Michaud ("Michaud").

17. On May 12, 2008, Michaud spoke with the collection agency operating on Amex's behalf and subsequently wrote them a letter regarding the amount outstanding.

18. In that letter, Michaud acknowledged Fight Network's liability for the entire amount of the debt and proposed a payment schedule of three (3) payments of \$10,000.00 on each of May 31, June 30 and July 31, 2008. The balance of the outstanding amount was to be paid on Fight Network's completing its financing efforts which were ongoing at the time but were to be completed by no later than August 28th 2008.

19. In that letter, Michaud also asked for the collection agency's co-operation in removing any liability attaching to Garrow in relation to the debt, stating that Garrow had been an employee who had allowed his name to be put on the card at the time the company was first incorporated and that all the charges incurred on the card were legitimate business expenses of Fight Network Inc and the company's sole responsibility.

20. Following the payment of the initial three \$10,000.00 payments, no further payments were made by Fight Network. A balance of \$48,307.15 remains unpaid and owing on the card.

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21. Garrow has, to date, received communications from debt collection agencies and a lawyer acting on behalf of American Express in relation to the payment of the outstanding amount.

22. Garrow's credit rating and reputation are in a position to be affected because of the unpaid and outstanding debt at issue in this action and he is facing the prospect of legal action being taken against him in relation to the outstanding debt.

23. Garrow requests that this action be tried in Toronto.

(Date of issue)

Nov. 10/08

~~TEPLITSKY, COLSON~~<sup>LLP</sup>

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THE FIGHT NETWORK INC. et al.  
Defendants

-and-

MIKE GARROW  
Plaintiff

Court File No.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
PROCEEDING COMMENCED AT  
TORONTO

STATEMENT OF CLAIM

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NUMBER OF PAGES:  
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FROM: Matthew A. Fisher

DATE: September 2, 2010

RE: FIGHT MEDIA INC.,  
APPLICATION NO. 2010-0150-3,  
INTERVENTION ON BEHALF OF MICHAEL  
GARROW

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 APPLICATION NO. 2010-0150-3,  
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