

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**FIFTH REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

February 26, 2020

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I. INTRODUCTION

Background and Appointment of Receiver

1. Pursuant to an application made by First Source Financial Management Inc. ("**First Source**"), and by Order of the Ontario Superior Court of Justice (the "**Court**") dated April 8, 2019, issued and entered on April 26, 2019 (the "**Amended Appointment Order**") and effective on May 3, 2019, RSM Canada Limited ("**RSM**" or the "**Receiver**") was appointed as receiver over the lands and premises municipally known 581 Wellington Street West, Toronto, Ontario (the "**Real Property**") and for all of the assets, undertakings and properties of 2507448 Ontario Inc. ("**250**" or the "**Debtor**") acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "**Property**"). A copy of the Amended Appointment Order is attached hereto as **Appendix "A"**. Torkin Manes LLP ("**Torkin Manes**") is the Receiver's independent legal counsel.
2. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and was, until the sale of the Real Property by the Receiver, the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250.
3. First Source Financial Management Inc. ("**First Source**") is an Ontario corporation in the business of providing mortgage financing. Until the sale of the Real Property, First Source held a first mortgage in the principal amount of \$3,500,000 against the Real Property (the "**First Mortgage**"), and there were two additional mortgages registered on title to the Real Property, subordinate to the First Mortgage.

Previous Court Appearances

4. On September 25, 2019, the Receiver brought a motion seeking various relief in anticipation of the imminent conclusion of the sale process for the Real Property and in order to address certain issues that required resolution prior to the completion of any sale. Among the relief sought was the Court's approval of the Receiver's proposed Sales Process respecting the Real Property and the termination of a commercial lease for a portion of the Real Property held by a related party to the Debtor.
5. The September 25 Order and Endorsement of Justice Pattillo issued in connection with the Receiver's motion is attached hereto as **Appendix "B"** (the "**September 25 Order**").
6. Following completion of the approved Sales Process, on October 17, 2019, the Receiver brought a motion (the "**Sale Approval Motion**") for, *inter alia*:
 - a) approval of an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") dated October 2, 2019 (the "**APS**") and an order authorizing and directing the Receiver to enter into and carry out the terms of the transaction contemplated therein (the "**Transaction**"); and
 - b) addressing the treatment of, and establishing a protocol for the removal from the premises of, certain property (the "**Personal Property**") identified as being owned by either Mr. Terrelonge or by companies under Mr. Terrelonge's control.

A copy of the Receiver's second report to the Court dated October 10, 2019 (the "**Second Report**") without appendices, is attached hereto as **Appendix "C"**.

7. On October 17, 2019, the Sale Approval Motion was adjourned by the Honourable Justice Hainey to November 1, 2019, for the reason that counsel for 250 was not able to attend on the October 17, 2019 hearing date.
8. On November 1, 2019, the Sale Approval Motion was heard by the Honourable Justice Pattillo. 250 opposed approval of the sale of the Real Property, but did not oppose any of the other relief sought by the Receiver. After hearing the arguments of counsel and considering the evidence filed, Justice Pattillo granted:
 - a) an Approval and Vesting Order approving the APS, authorizing the Receiver to complete the Transaction and, upon the completion of the Transaction and the issuance of a Receiver's Certificate, vesting title in and to the Purchased Assets in the Purchaser (the "**Approval and Vesting Order**"); and
 - b) an Order (the "**November 1 Order**"), *inter alia*, approving the proposed treatment of certain Personal Property remaining at the premises and establishing a protocol and deadline of November 15, 2019 (the "**Removal Deadline**") for the removal of same.

Copies of the Approval and Vesting Order and Endorsement of Justice Pattillo are attached hereto as **Appendix "D"**. A copy of the November 1 Order is attached hereto as **Appendix "E"**.

9. On November 20, 2019, the Receiver brought a motion, returnable on November 22, 2019, for the purpose of seeking certain amendments to the

Approval and Vesting Order in order to accommodate the Purchaser's request that, for the purpose of completing the sale of the Real Property, title to the Real Property be conveyed to 2726960 Ontario Inc. (the "**Substituted Purchaser**"), and not the Purchaser, on closing. A copy of the Receiver's Supplemental Report to the Second Report of the Receiver to the Court dated November 20, 2019 (the "**Supplemental Report to the Second Report**") without appendices, in support of the Receiver's motion is attached hereto as **Appendix "F"**.

10. On November 22, 2019, the Honourable Justice Hainey issued an Order amending the Approval and Vesting Order (the "**Amending Order**") and signed an Amended Approval and Vesting Order in respect of the sale of the Real Property (the "**Amended Approval and Vesting Order**") authorizing the conveyance of the Real Property to the Substituted Purchaser. Copies of the Amending Order without Schedule "A" and the Amended Approval and Vesting Order are attached hereto as **Appendices "G"** and "**H"**, respectively.
11. On November 18, 2019, Hasson Pereira, President of Sans Souci Mortgage Services Corp., which was the mortgage brokerage that raised funds in relation to the syndicated third mortgage on the Real Property, served a motion returnable on December 5, 2019 (the "**Pereira Motion**") requesting, *inter alia*, an Order to stay the Amended Approval and Vesting Order and to halt the removal of chattels from the Real Property.
12. On December 3, 2019, the Receiver served a motion, returnable on December 13, 2019 (the "**Interim Distribution Motion**"), for the purpose of, *inter alia*:

- a) authorizing the Receiver to make, upon the closing of the sale of the Real Property, an Interim Distribution of any non-disputed amounts to First Source from the proceeds of sale received by the Receiver; and
- b) advice and directions from the Court with respect to any disputed amounts claimed by First Source under its First Mortgage.

A copy of the Receiver's Third Report to the Court dated December 3, 2019 (the "**Third Report**") without appendices, is attached hereto as **Appendix "I"**.

13. On December 4, 2019, the Receiver filed its fourth report to the Court (the "**Fourth Report**") in response to the Pereira Motion for the purpose of providing the Court with relevant procedural background and facts in support of the Receiver's request that the Pereira Motion be dismissed with costs. A copy of the Fourth Report is attached hereto as **Appendix "J"**.
14. On December 5, 2019, Justice Pattillo adjourned the Pereira Motion to a hearing to be conducted on December 6, 2019.
15. On December 6, 2019, Justice Pattillo dismissed the Pereira Motion, with costs payable to the Receiver. A copy of the Endorsement issued on December 6, 2019 by Justice Pattillo (the "**December 6 Endorsement**") is attached hereto as **Appendix "K"**.
16. On December 13, 2019, at the return of the Interim Distribution Motion, the Honourable Justice McEwen issued an Order (the "**December 13 Order**"), *inter alia*, authorizing the Receiver to pay to First Source the amount of \$3,937,000, defined in the December 13 Order as the "Interim Distribution", representing the non-disputed claims of First Source, plus payment of the Receiver Certificate

Advance and Receiver's Expenses (both as defined in the Third Report). The issue of advice and directions in respect of the disputed claims of First Source was adjourned *sine die* in order to allow the parties the opportunity to either resolve, or timetable the hearing of, the disputed issues. Copies of the December 13 Order and Endorsement of Justice McEwen are attached hereto as **Appendix "L"**.

17. The Orders made by the Court and the reports of the Receiver referred to in this report, together with related Court documents, have been posted on the Receiver's website which can be found at rsmcanada.com/581-Wellington-Street-West.

II. PURPOSE OF THIS REPORT

18. The purpose of this report (the "**Fifth Report**") is to:
- a) report to the Court on the Receiver's activities since the Fourth Report to February 25, 2020;
 - b) report to the Court on the closing of the sale of the Real Property;
 - c) report to the Court on the opinion obtained by the Receiver on the Mortgage held by Zaherali Visram ("**Mr. Visram**"), the individual holding the second mortgage on the Real Property prior to its sale (the "**Second Mortgage**");
 - d) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period May 3, 2019 to February 19, 2020; and
 - e) seek an Order:
 - i) authorizing the Receiver to make the Final Distribution (as defined herein);
 - ii) approving the Fifth Report and the Receiver's conduct and activities to February 25, 2020;

- iii) approving the fees and disbursements of the Receiver for the period November 1, 2019 to January 31, 2020 and estimated to completion;
- iv) approving the fees and disbursements of Torkin Manes for the period November 1, 2019 to January 31, 2020 and estimated to completion; and
- v) discharging the Receiver upon the Receiver filing a certificate with the Court confirming that the Final Distribution has been made (the “**Receiver’s Discharge Certificate**”), and authorizing the Receiver to complete certain administrative matters following the discharge of the Receiver.

Terms of Reference

19. In preparing this report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the “**Information**”). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

III. STATUS OF DISPUTED FIRST SOURCE CLAIMS

20. Included with the materials served on the Receiver’s December 13, 2019 Interim Distribution Motion and attached to the Third Report of the Receiver as Appendix “L”, was a copy of the discharge statement dated as of December 12, 2019 (the

“First Source December 12 Discharge Statement”) provided by First Source in connection with the Receiver’s request for authorization to make an interim distribution of funds to First Source following the closing of the sale of the Real Property. A copy of the First Source December 12 Discharge Statement is attached to this Report for ease of reference as Appendix **“M”**.

21. The First Source December 12 Discharge Statement indicates claims of First Source under the terms of its First Mortgage in the total amount of \$4,609,990.68 calculated to December 12, 2019. In advance of the return of the Interim Distribution Motion, certain parties communicated to the Receiver an intention to dispute First Source’s entitlement to certain claims of First Source as set out in the First Source December 12 Discharge Statement.
22. As a result of these objections, the Receiver advised the objecting parties of its desire to specifically determine the aggregate value of the First Source claims being disputed, with a view to releasing to First Source by way of interim distribution any amounts claimed on the First Source December 12 Discharge Statement which were not objected to by any party, thereby stopping the continued accumulation of interest on amounts not in dispute.
23. Following discussions with the objecting parties, the value of the disputed and non-disputed claims of First Source was determined as follows:
 - a) the Debtor and its principal, Mr. Terrelonge, advised the Receiver of their intention to dispute the entitlement of First Source to various management fees and other charges set out in the First Source December 12 Discharge Statement having an aggregate value equal to \$277,550. The Debtor/Mr.

Terrelonge advised that they had no objection to and did not oppose a post-closing interim distribution being made to First Source in an amount equal to the First Source December 12 Discharge Statement less \$277,550;

b) counsel for Ed Gilmore, bare trustee for the third mortgage investors, and various investors who contributed funds to the third mortgage registered on title to the Real Property in favour of Computershare Trust Company, Olympia Trust Company and Ed Gilmore, (the "**Third Mortgage Investors**"), advised that his clients intended to dispute First Source's entitlement to be paid any of the fees and charges set out on the First Source December 12 Discharge Statement other than:

- i) repayment of the principal advance, in the amount shown on the First Source December 12 Discharge Statement; and
- ii) payment of interest on the principal loan amount at a rate of 9% per annum only, being an amount equal to the pre-maturity interest rate payable in connection with the First Source mortgage, as opposed to the 18% per annum post-maturity rate claimed by First Source for the period from March 2019 onward.

24. In accordance with the contemplated approach to the Interim Distribution Motion and having regard to the objections raised, as set out above, the December 13 Order was sought and issued on an unopposed basis and authorized the release to First Source of an interim distribution in the amount of \$3,937,000, representing the aggregate total (rounded) of the First Source principal loan amount plus interest at 9% per annum to December 19, 2019 (the then-intended closing date)

only (the "**Non-Disputed First Source Claims**"), as well as the Receiver Certificate Advance and the Receiver's Expenses (both as defined in the Third Report).

25. The remaining balance set out on the First Source December 12 Discharge Statement, being approximately \$672,990, calculated with interest to December 12, 2019 (the "**Disputed First Source Claims**"), was withheld from distribution by the Receiver. The Receiver's request for advice and directions with respect to the Disputed First Source Claims was adjourned *sine die* on December 13, 2019 in order to allow the parties to continue to discuss same and, if not resolved, timetable the hearing of the Receiver's motion for advice and directions with respect to the Disputed First Source Claims.
26. The Receiver has been advised by those parties with a direct financial interest in the remaining Funds Available for Distribution (as herein later defined), namely First Source and Mr. Visram, that they have reached an agreement upon the manner in which the remaining funds shall, subject to the Court's approval of same, be allocated as between them (the "**Final Distribution Funds Settlement**"). The terms of the Final Distribution Funds Settlement are addressed later in this Fifth Report.
27. The Receiver is of the view that, given the Final Distribution Funds Settlement, the quantum of the amounts outstanding under the First Mortgage and the Second Mortgage, and the total Funds Available for Distribution, there would be no practical benefit to proceeding with the adjudication of any issues concerning the Disputed First Source Claims which have been raised by the Debtor/Mr.

Terrelonge and/or the Third Mortgage Investors (the “**Objecting Parties**”), for the following reasons:

- a) none of the Objecting Parties has any direct financial interest in the Funds Available for Distribution;
 - b) those parties with a direct financial interest in the Funds Available for Distribution have reached terms of agreement as to the payment of those funds as between them; and
 - c) to proceed with litigation as to the propriety of the Disputed First Source Claims would be prejudicial to the directly interested parties, but primarily to Mr. Visram, as such litigation will erode realizations and increase costs, without any corresponding benefit to the directly interested parties.
28. The Receiver is therefore of the view that this Honourable Court should approve the Receiver distributing the Funds Available for Distribution in a manner consistent with the Final Distribution Funds Settlement between First Source and Mr. Visram, the terms of which are set out more particularly below.

IV. COMPLETION OF THE SALE OF THE REAL PROPERTY

29. In the Second Report, the Receiver provided the Court with details of the proposed sale transaction with the Purchaser (which Purchaser was, by way of the Amended Approval and Vesting Order, replaced by the Substituted Purchaser) respecting the Real Property.
30. Pursuant to the terms of the APS, the sale transaction was scheduled to close on the 20th business day following the date of the Approval and Vesting Order, November 29, 2019. At the request of the Substituted Purchaser, and on the

condition that the Substituted Purchaser be responsible to reimburse the Receiver for any additional carrying costs incurred as a result, the Receiver agreed to extend closing to December 9, 2019.

31. On December 6, 2019, the Substituted Purchaser advised the Receiver that it would not be in a position to close on December 9, 2019, as a result of issues which had arisen in connection with certain environmental testing required for the Substituted Purchaser's lender. It was agreed between the Receiver and the Substituted Purchaser that the closing date be extended to December 19, 2019, on terms which provided that the Substituted Purchaser would pay additional funds on the closing of the sale to account for the carrying costs, including continued accumulation of interest on the First Mortgage indebtedness, incurred as a result of the delay in closing.
32. In advance of the new closing date of December 19, 2019, the Substituted Purchaser once again advised that it would not be in a position to close and that it required a further extension of the closing date in order to meet requirements by its lender. The Receiver agreed to extend the closing date to January 30, 2020, on terms agreed to with the Purchaser. The terms of the further extension included an increase in the purchase price of the Real Property to, among other things, adjust for the Purchaser's inability to close (the offer of the Purchaser had been the second-highest offer but had been selected on the basis of it being unconditional) plus payment of additional funds on closing to account for additional carrying costs incurred, including continued accumulation of interest on the First Mortgage indebtedness, as a result of the further request to defer closing.

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33. The Receiver proceeded to close the Transaction on January 30, 2020 (the "**Real Property Sale**").
 34. A copy of the Receiver's Certificate filed with the Court on January 30, 2020 is attached hereto as **Appendix "N"**.

V. PAYMENTS MADE FOLLOWING THE CLOSING OF THE SALE OF THE REAL PROPERTY

35. In accordance with the December 13 Order, and following the closing of the sale of the Real Property, the Receiver paid the following:
 - a) to First Source, the Interim Distribution of \$3,937,000;
 - b) to First Source, repayment of Receiver Certificate 1 in the amount of \$50,000 plus interest and fees; and
 - c) the unpaid accounts of the Receiver and Torkin Manes.
36. The Interim Distribution amount of \$3,937,000 was calculated taking into account interest on the principal amount of the loan to the originally intended closing date of December 19, 2019 at a rate of 9% simple interest. As closing was delayed and the distribution to First Source did not occur until January 31, 2020, First Source requested that the Receiver pay to First Source an additional \$35,237 (the "**Additional Interest**"), representing additional interest on the principal amount owed to First Source which had accrued between the originally intended closing date and January 30, 2020 at the non-disputed rate of 9%.
37. On January 31, 2020, Torkin Manes consulted with counsel to Ed Gilmore and the Third Mortgage Investors, who agreed on behalf of his clients that it would be appropriate to release to First Source the Additional Interest.

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38. Prior to releasing the Additional Interest to First Source, the Receiver additionally wrote to the second mortgagee, Mr. Visram, and to counsel for the Debtor/Mr. Terrelonge to advise of the intended release of the Additional Interest and to request that should there be any objection to same, that such objection be communicated to the Receiver before end of day on February 3, 2020.
39. Having received no response or objections, on February 4, 2020, the Receiver paid the Additional Interest to First Source. Copies of communications delivered to interested parties in connection with the release of the Additional Interest to First Source are attached hereto as **Appendix "O"**.

VI. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

40. Attached hereto as **Appendix "P"** is the Receiver's Interim Statement of Receipts and Disbursements for the period May 3, 2019 to February 19, 2020. During this period, receipts were \$6,176,411, including advances totaling \$50,000 from First Source under Receiver Certificate No. 1, and disbursements were \$683,867, resulting in an excess of receipts over disbursements of \$5,492,544 before repayments made to First Source on account of its first mortgage. After payment to First Source of the Interim Distribution, the Additional interest, and the Receiver Certificate Advance and Receiver's Expenses (both as defined in the Third Report), the excess of receipts over disbursements as at February 19, 2020 was \$1,520,307.

VII. FUNDS AVAILABLE FOR SECURED CREDITORS

41. As set out above, the excess of the Receiver's receipts over disbursements as at February 19, 2020 was \$1,520,307. After taking into account the Receiver's proposed holdback of \$60,000 to complete its administration of the receivership, the estimated funds available for distribution to creditors are approximately \$1,460,307 (the "**Funds Available for Distribution**").
42. As referenced earlier herein, prior to the sale of the Real Property, First Source held a first ranking mortgage registered on title to same. A copy of Torkin Manes' opinion on the First Mortgage was included in the Third Report at Appendix "N".
43. First Source has provided to the Receiver with an Account Statement as at March 10, 2020 which calculates the remaining balance of First Source's claims to that date following payment to First Source of the Interim Distribution, the Additional Interest and the repayment of First Source's advances to the Receiver, to be \$716,592.09 (the "**First Source Claimed Amount**"). A copy of the First Source March 10, 2020 Account Statement is attached hereto as **Appendix "Q"**.
44. Mr. Visram has advised that the amount outstanding and owed under the Second Mortgage, current to March 10, 2020, is equal to \$1,715,794. Copies of the communications with Mr. Visram regarding the Second Mortgage discharge amount are attached hereto as **Appendix "R"**.
45. The Receiver has received an opinion from Torkin Manes ("**Legal Opinion on Visram Security**") that, subject to the qualifications set out in the opinion,;
 - a) the mortgage in favour of Mr. Visram was validly registered against title to the Real Property and that the Mortgage ranks second in priority among

registered encumbrances against title to the Real Property (prior to its sale) by date of registration; and

b) the Security Documents (as defined in the Legal Opinion on Visram Security) constitute valid and binding obligations of the Debtor in favour of Mr. Visram and are enforceable in accordance with their terms.

46. A copy of the Legal Opinion on the Visram Security is attached hereto as **Appendix "S"**.

47. The Funds Available for Distribution are subject to the following secured claims, listed in order of priority:

a) any Disputed First Source Claims which First Source is determined to be entitled to payment in respect of, in the maximum amount of \$716,592.09 (calculated to March 10, 2020);

b) the amount due to Mr. Visram under the Second Mortgage, being the amount of \$1,715,794 (calculated to March 10, 2020); and

c) any claims made for payment pursuant to the interest secured by the third mortgage registered on title to the Real Property.

48. As the estimated amount of Funds Available for Distribution equals approximately \$1,460,307, there will be no funds available for distribution to any creditors of 250 other than First Source and Mr. Visram.

VIII. FINAL DISTRIBUTION FUNDS SETTLEMENT

49. As the amounts owing to First Source and Mr. Visram exceed the Funds Available for Distribution by a significant margin, there will be a shortfall to Mr. Visram as second mortgagee. The Receiver notes that Mr. Visram would also incur a

shortfall of approximately \$255,000 even if First Source was found not to be entitled to payment in respect of any of the Disputed First Source Claims. Accordingly, it appears to the Receiver that there is no potential outcome of an adjudication of the Disputed First Source Claims which could result in any funds being available to be distributed to the Objecting Parties.

50. The Receiver has been advised by First Source and Mr. Visram that these parties have reached terms of an agreement on the manner of allocating the Funds Available for Distribution as between them which will, subject to Court approval, eliminate the need for adjudication of the Disputed First Source Claims.
51. The Receiver has been advised that the terms of the Final Distribution Funds Settlement reached between Mr. Visram and First Source are as follows:
 - a) First Source shall be entitled to payment, in first priority, of the First Source Claimed Amount, less \$170,000; and
 - b) Mr. Visram shall be entitled to payment of all remaining Funds Available for Distribution.
52. As First Source and Mr. Visram are the only parties with a direct financial interest in the Funds Available for Distribution, the Receiver is prepared to recommend to this Court that final distribution be made in a manner consistent with Final Distribution Funds Settlement terms.

IX. FINAL DISTRIBUTION

53. As set out on the R&D, there were net funds on hand of \$1,520,307 as at February 19, 2020. Of this amount, the Receiver seeks to retain \$60,000, on account of expenses and professional fees from February 1, 2020, and to be incurred, (the

“Receiver’s Holdback”) and to distribute the balance (the “Remaining Funds”) to First Source and Mr. Visram in accordance with the above.

54. The Receiver is seeking an Order authorizing the Receiver to distribute the Remaining Funds in accordance with the terms of the Final Distribution Funds Settlement (the “Final Distribution”).
55. The Receiver is also seeking an Order that upon completion of the Remaining Duties and the discharge of the Receiver, the Receiver is authorized to pay to Mr. Visram the remaining balance of the Receiver’s Holdback, if any, as well as any additional funds that may be received by the Receiver, provided that the repayments do not exceed 250’s indebtedness to Mr. Visram pursuant to the Second Mortgage.

X. DISCHARGE OF THE RECEIVER

56. As of the date of this Fifth Report, the Receiver’s remaining duties (the “Remaining Duties”) include the following:
- a) making the Final Distribution;
 - b) retaining the Receiver’s Holdback from distribution, applying the Receiver’s Holdback funds to the fees, expenses and disbursements of the Receiver and its counsel and paying the remaining balance of the Receiver’s Holdback, if any, to Mr. Visram provided that such funds do not result in a distribution to Mr. Visram that exceeds the indebtedness owed to Mr. Visram by the Debtor; and
 - c) preparing the Interim and Final Statements of Receiver pursuant to sections 246(2) and 246(3) of the *Bankruptcy and Insolvency Act*.

57. As the Receiver's administration is substantially complete, and in order to avoid the costs of making a further motion to the Court to obtain the Receiver's discharge, the Receiver is presently seeking an order discharging RSM from the powers, duties and obligations attendant to its appointment as Receiver (the "**Discharge Order**") upon the filing of the Receiver's Discharge Certificate, with the proviso that RSM may perform such incidental duties as may be required by it as Receiver to complete its obligations pursuant to its appointment as Receiver including, but not limited to, the Remaining Duties.

XI. PROFESSIONAL FEES

58. The Receiver's accounts total \$47,429.50 in fees, plus HST of \$6,165.84 for a total amount of \$53,595.34 for the period November 1, 2019 to January 31, 2020 and estimated to completion in an amount not to exceed \$25,000 plus HST (the "**Receiver's Accounts**"). Copies of the Receiver's Accounts, together with a summary of the accounts, the total billable hours charged per the accounts, and the average hourly rate charged per the accounts, supported by the Affidavit of Daniel Weisz sworn February 26, 2020, are attached hereto as **Appendix "T"**.
59. The accounts of the Receiver's counsel, Torkin Manes, total \$77,567.50 in fees, \$5,374.06 in disbursements and \$10,716.61 in HST for a total of \$93,658.17 for the period November 1, 2019 to February 25, 2020 and estimated to completion in an amount not to exceed \$7,500 plus HST (the "**Torkin Manes Accounts**"). Copies of the Torkin Manes Accounts, together with a summary of the personnel, hours and hourly rates described in the Torkin Manes Account, supported by the

Affidavit of Stephen Skorbinski sworn February 25, 2020, are attached hereto as **Appendix "U"**.

XII. CONCLUSION

60. The Receiver respectfully requests that the Court make an Order:
- i) authorizing and directing the Receiver to make the Final Distribution;
 - ii) approving the Fifth Report and the Receiver's conduct and activities to February 25, 2020;
 - iii) approving the R&D;
 - iv) approving the Receiver's Accounts and the Torkin Manes Accounts;
 - v) authorizing the Receiver to distribute to Mr. Visram the remaining balance of the Receiver's Holdback, as well as any additional funds that may be received by the Receiver, provided that the repayments do not exceed the Debtor's indebtedness to Mr. Visram; and
 - vi) terminating these proceedings and discharging the Receiver from the powers, duties and obligations attendant to its appointment as Receiver upon the filing of the Receiver's Discharge Certificate.

All of which is respectfully submitted to this Court as of this 26th day of February, 2020.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
581 Wellington Street West, Toronto, Ontario
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

TAB A

Court File No. CV-19-00613044-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE *HAINY*)
)

MONDAY, THE
8TH DAY OF APRIL, 2019



FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

AMENDED ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing RSM Canada Limited as receiver (in such capacities, the "Receiver") without security, over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario, having the legal description of PT LT 23 SEC L PL Military Reserve Toronto Parts 1, 14 & 15, 63R2301;

S/T & T/W CA540861 (the "Real Property"), owned by 2507448 Ontario Inc. (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Mandel sworn January 22, 2019 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and on reading the consent of the Debtor to the relief sought in this application, and on reading the consent of RSM Canada Limited to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, RSM Canada Limited is hereby appointed Receiver, without security, of the Real Property and for all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "Property").

3. The appointment of RSM Canada Limited as Receiver pursuant to paragraph 2 of this Order shall be effective on the date that the Applicant in this matter, First Source Financial Management Inc., gives written notice to the Respondent, 2507448 Ontario Inc., that all or part of the Mortgage¹ remains outstanding as of that date, provided that such notice may not be delivered later than 5:00pm EST on May 3, 2019. Such written notice may be given by the Applicant or its counsel to Del Terrelonge, authorized representative of the Respondent, by email to d@rhed-22.com.

¹ Being the mortgage loan from the Applicant in favour of the Respondent, secured by the Real Property, as more particularly described in the affidavit of David Mandel sworn January 22, 2019 in this proceeding.

RECEIVER'S POWERS

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage and operate the Property, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, or cease to perform any contracts of the Debtor in respect of the Property;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets in respect of the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor in respect of the Property and to exercise all remedies of the Debtor in respect of the Property in collecting such monies,

- including, without limitation, to enforce any security held by the Debtor in respect of the Property;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor in respect of the Property;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor in respect of the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor in respect of the Property;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have in respect of the Property; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor relating to the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto

paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR IN RESPECT OF THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor in respect of the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor in respect of the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor in respect of the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor in respect of the Property or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor in respect of the Property are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names in respect of the Property, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts"). For greater certainty, all receipts in respect of the Real Property shall be deposited into the Post Receivership Accounts and all Permitted Disbursements (defined below) shall be drawn from the Post Receivership Accounts. "Permitted Disbursements" shall include, but shall not be limited to, realty taxes, utilities, payroll, insurance, maintenance expenses, other reasonable property-specific expenses, and business expenses associated with the Property. The monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to

whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order

shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and

is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by

forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

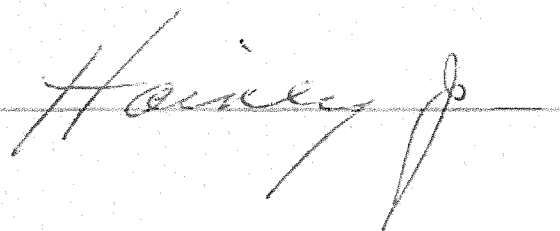
30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid

by the Receiver from the realizations from the Property with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in cursive script, appearing to read "Haimy", is written over a horizontal line. The signature is fluid and extends to the right of the line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 26 2019

PER / PAR: *RW*

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver (the "Receiver") of the Property, as such terms are defined in the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 2019 appointing the Receiver (the "Order") made in an application having Court file number CV-19-00613044-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

RSM Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT
TORONTO

**AMENDED ORDER
(appointing Receiver)**

Paliare Roland Rosenberg Rothstein LLP
155 Wellington Street West
35th Floor
Toronto, ON M5V 3H1

Jeffrey Larry (LSO #44608D)
Tel.: 416.646.4330
email: jeff.larry@paliareroland.com

Daniel Rosenbluth (LSUC# 71044U)
Tel.: 416.646.6307
email: daniel.rosenbluth@paliareroland.com

Fax: 416.646.4301

Lawyers for the Applicant

TAB B

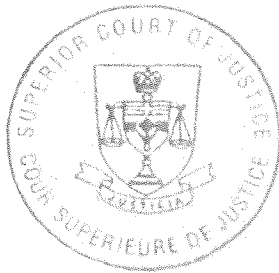
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE *Patillo*)

WEDNESDAY, THE 25TH
DAY OF SEPTEMBER, 2019

BETWEEN:

(Court Seal)



FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

ORDER

THIS MOTION, made by RSM Canada Limited, in its capacity as Receiver (in such capacity, the "**Receiver**") of the real property located at 581 Wellington Street West, Toronto, Ontario (the "**Property**"), owned by 2507448 Ontario Inc. ("**250**") for, *inter alia*, approval of the sales process implemented by the Receiver in respect of the Property, was heard this day at the court house, 330 University Avenue, 9th Floor, Toronto, ON, M5G 1R7.

ON READING the First Report of the Receiver dated September 17, 2019 (the "**First Report**") and on hearing the submissions of the lawyer for the Receiver, the lawyer for the Applicant and the lawyer for 250, no one else appearing,

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record filed on this Motion is hereby abridged, service is validated and that further service thereof is hereby dispensed with such that this Motion is properly returnable today.

2. THIS COURT ORDERS that the Sales Process, as defined in the First Report, is hereby approved.

3. THIS COURT ORDERS that the Lease, as defined in the First Report, is hereby terminated.

4. THIS COURT ORDERS that within two days of the date of this Order Mr. Terrelonge is to provide to the Receiver a list of any items located at the Property which are the property of any person other than 1586091 Ontario Limited o/a rhed, 250 or Mr. Terrelonge and shall include together with such list:

(a) a description of the item sufficient for it to be identified; and

(b) the name and contact information for the owner of the item.

5. THIS COURT ORDERS AND DECLARES that the First Report is approved and the conduct and activities of the Receiver as set out therein are approved.

6. THIS COURT ORDERS that the fees and disbursements of the Receiver for the period ending August 31, 2019 as set out in the First Report be and are hereby approved.

7. THIS COURT ORDERS that the fees and disbursements of the Receiver's counsel for the period ending August 31, 2019 as set out in the First Report be and are hereby approved.


8. THIS COURT ORDERS that the Receiver's statement of receipts and disbursements for the period from May 3, 2019 to August 31, 2019, as set out in the First Report, is hereby approved.



RCP-E 59A (July 1, 2007)

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO.
LE / DANS LE REGISTRE NO

SEP 25 2019

PER / PAR. 

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)



COUNSEL SLIP

COURT FILE NO. CV-19-00613044-00CL

DATE: 25-SEP-2019

No. ON LIST 7

TITLE OF PROCEEDING

FIRST SOURCE FINANCIAL MGT INC -VS- 2507448 ONTARIO INC

COUNSEL FOR: Stewart Thom
Plaintiff (s) for FSM
Applicant (s)
Petitioner (s)

Phone & Fax No
416-777-5197
416-863-0305
stthom@torkeinmanes.com

COUNSEL FOR: MIKOSEVIC, MAJA
Defendant (s)
Respondent (s) 2507448 ONTARIO INC

Phone & Fax No
T: 416. 541. 2222
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E: maja@corestone.ca

EMAIL:

ED GILMORE

BARE TRACTER
for 3rd party.

Jeffrey Larry
for First Source

+ 416 646 4330
f 416 646 4301
e jeff.larry@firstsource.com

September 25, 2019

Based on the material filed, and specifically the first report of the Receiver dated September 17, 2019 together with the submissions of counsel, I am satisfied that the sale process as described and ongoing should be approved. I am also satisfied, given the number of unconventional terms of the lease and the tenant's (~~2507448~~ 1586091 Ont. limited) position that it is unopposed that the lease as defined in the Report should be terminated to facilitate the sale of the property. /.....)

The first Report, together with the fees and disbursements of the Receiver and its counsel are approved.

No decision is made today with respect to claims against the debtor respondent. Balance of relief sought to be addressed on another day.
Order signed by me.


P. J. Saballo, J.

TAB C

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**SECOND REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

October 10, 2019

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I. INTRODUCTION

Background and Appointment of Receiver

1. Pursuant to an application made by First Source Financial Management Inc. (“**First Source**”), and by Order of the Ontario Superior Court of Justice (“the **Court**”) dated April 8, 2019, issued and entered on April 26, 2019 (the “**Amended Appointment Order**”) and effective on May 3, 2019, RSM Canada Limited (“**RSM**” or the “**Receiver**”) was appointed as receiver over the lands and premises municipally known 581 Wellington Street West, Toronto, Ontario (the “**Real Property**”) and for all of the assets, undertakings and properties of 2507448 Ontario Inc. (“**250**” or the “**Debtor**”) acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the “**Property**”). A copy of the Amended Appointment Order is attached hereto as **Appendix “A”**. Torkin Manes LLP (“**Torkin Manes**”) is the Receiver’s independent legal counsel.
2. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and is the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250. Attached hereto as **Appendix “B”** is a copy of the corporation profile report for 250.
3. First Source is an Ontario corporation in the business of providing mortgage financing. First Source holds a first mortgage in the principal amount of

\$3,500,000 against the Real Property. As of January 17, 2019, the aggregate amount claimed under the mortgage held by First Source was \$3,690,301.02.

Post Appointment Activities and Previous Court Appearances

4. The Amended Appointment Order authorizes the Receiver to, among other things, take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property.
5. Since the date of the Receiver's appointment, the Receiver has taken various steps, as outlined more fully in the Receiver's First Report to Court dated September 17, 2019 (the "**First Report**"), in connection with maintaining and securing the Real Property and marketing the Real Property for sale. A copy of the Receiver's first report to the Court dated September 17, 2019 (the "**First Report**") is attached hereto, with selected appendices only, as **Appendix "C"**.
6. On September 25, 2019, the Receiver brought a motion seeking various relief in anticipation of the imminent conclusion of the sale process for the Real Property and in order to address certain issues that required resolution prior to the completion of any such sale. Specifically, the Receiver sought an Order:
 - a) terminating the lease (the "**Lease**") between 250 and 1586091 Ontario Limited O/A rhed ("**RHED**"), a related-party tenant of the Real Property;
 - b) requiring Mr. Terrelonge to:
 - (i) Identify any Third Party Property located at the Real Property premises and advise the Receiver as to the owner of same; and
 - (ii) comply with a proposed protocol and deadline for the removal of certain property remaining at the Real Property premises and to

permit the Receiver to treat as abandoned, and to sell or dispose of, any property not so removed; and

c) approving the Sales Process (as defined in the First Report).

7. On September 25, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo, who granted an Order (the "**September 25 Order**"):

a) approving the Sales Process;

b) terminating the Lease; and

c) requiring Mr. Terrelonge to provide information respecting the Third Party Property.

8. The remaining relief sought by the Receiver, which relates to the treatment and removal of certain property located at the Real Property premises (defined in the First Report as the Chattels and Equipment Lease Items) was adjourned to be dealt with on a subsequent appearance, if unable to be otherwise resolved. A copy of the September 25 Order and the Endorsement of Justice Pattillo dated September 25, 2019 (the "**September 25 Endorsement**") are attached hereto as Appendix "D" and Appendix "E", respectively.

9. The Amended Appointment Order, the First Report, the September 25 Order, the September 25 Endorsement and other court documents have been posted on the Receiver's website, which can be found at rsmcanada.com/581-Wellington-Street-West.

II. PURPOSE OF REPORT

10. The purpose of this report (the "**Second Report**") is to:

- (a) report to the Court on the activities of the Receiver from September 16, 2019 to October 9, 2019;
- (b) report to the Court on the results of the sales process for the Real Property;
- (c) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period May 3, 2019 to September 30, 2019; and
- (d) seek an order:
 - i. authorizing and directing the Receiver to enter into and carry out the terms of the transaction (the "**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") dated October 2, 2019 (the "**APS**"), together with any further minor amendments thereto deemed necessary by the Receiver, in its sole opinion, and vesting title to the Real Property in the Purchaser, or into such entity as the Purchaser may further direct in writing, free and clear of claims and encumbrances, upon closing of the Transaction and the delivery of a Receiver's certificate to the Purchaser;
 - ii. sealing Confidential Appendix "J" to the Second Report until the closing of the sale of the Real Property;

-
- iii. requiring Mr. Terrelonge to remove, under the Receiver's supervision, the Chattels and any Equipment Lease Items (as defined in the First Report) which are to be released to RHED from the Real Property by no later than 5:00 p.m. on October 25, 2019;
 - iv. authorizing the Receiver to sell or otherwise dispose of any Abandoned Items (as defined in the First Report) and to deposit any proceeds realized from the Abandoned Items to the bank account maintained by the Receiver;
 - v. approving the Second Report and the Receiver's conduct and activities set out therein;
 - vi. approving the R&D (defined below); and
 - vii. approving the fees and disbursements of the Receiver and of Torkin Manes incurred for the period September 1, 2019 to September 30, 2019.

Terms of Reference

11. In preparing this report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the "Information"). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly,

the Receiver expresses no opinion or other form of assurance in respect of the Information.

12. Defined terms in the Second Report have, unless indicated otherwise herein, the same meanings as set out in the First Report.
13. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

III. **MARKETING AND SALES ACTIVITIES**

14. As referenced previously, since its appointment the Receiver has taken steps to market and sell the Real Property. In this regard, on July 12, 2019, the Receiver executed a listing agreement with Avison Young ("**Avison**") to market the Real Property for sale at a listing price of \$5.3 million. The Receiver's engagement of Avison for the purposes of marketing the Real Property, the development of a Baseline APS to be provided to purchasers and the establishment of a September 20, 2019 date for the review of offers were all previously approved as part of the Sales Process approval granted by virtue of the September 25, 2019 Order.
15. Further steps taken by the Receiver/Avison in connection with marketing the Real Property include the following:
 - a) Avison officially launched its marketing campaign on August 13, 2019;
 - b) on August 13, 2019, an email communication ("**E-mail Blast**") was sent to 797 contacts on Avison's mailing list;

-
- c) on September 5 and 13, 2019, an email communication ("**E-mail Blast**") was sent to over 1,320 contacts on Avison's mailing list;
 - d) a marketing brochure ("**Brochure**") for the Real Property was prepared and made available to parties that received the E-mail Blast and elected to download the Brochure;
 - e) on or about August 21, 2019, the Real Property was listed on the TREB MLS (the "**MLS Listing**");
 - f) the Real Property was listed on Avison's website;
 - g) a "For Sale" sign was put up on the building at the Real Property;
 - h) on August 27 and 29, 2019, an advertisement was placed in the Globe and Mail (the "**Globe Advertisement**") advertising the sale of the Real Property;
 - i) an electronic data room was set up to provide access to confidential information on the Real Property to parties who signed a confidentiality agreement; and
 - j) the sales process ran from August 13 to September 20, 2019.
16. Prospective purchasers who wished to submit an offer for the Real Property were provided with a copy of a Baseline APS (as defined in the First Report) prepared by counsel for the Receiver.
17. After consultation with Avison and having regard to activity from potential purchasers of the Real Property, September 20, 2019 (the "**Offer Review Date**") was set as the date prior to which the Receiver would not review any offers to purchase submitted.

-
18. Copies of the E-mail Blast, the Brochure and the Globe Advertisement are attached collectively to this report as Appendix "F".
 19. Avison's Final Progress Report dated October 3, 2019, which includes the names of the parties which executed a Confidentiality Agreement, as well as the parties which toured the Real Property is attached to this report as Tab 1 to Confidential Appendix "J".

IV. OFFERS RECEIVED

20. As at the Offer Review Date, seven offers had been submitted to Avison for the Real Property on the Receiver's form of agreement of purchase and sale. A summary of the offers received is attached at Tab 2 to Confidential Appendix "J" (the "**First Round Offers**").
21. Following receipt of the First Round Offers, and after review and consultation with Avison, parties representing the four offers regarded as having the most favourable terms were contacted and invited to improve or amend their offers and resubmit by noon on September 26, 2019. All four parties elected to amend their original offers to purchase (the "**Second Round Offers**"). A copy of the summary of Second Round Offers is attached at Tab 3 to Confidential Appendix "J".
22. Of the Second Round Offers received, only one offer, the lowest of the four, was unconditional. In consultation with Avison, it was determined that the two highest conditional Second Round Offers, as well as the low unconditional Second Round Offer, would again be approached to determine whether any were

prepared to either improve their offering price or delete any conditions. While this process was ongoing, the third-highest conditional offer, as well, determined to amend its offer and resubmit.

23. In the result, three of the four offers under consideration at the outset of the second round were amended once more. All resubmitted and final offers (the **"Third Round Offers"**) were received by the Receiver on or before October 2, 2019.
24. A summary of the Third Round Offers is attached at Tab 4 to Confidential Appendix "J".
25. Following its review of the Third Round Offers with Avison and legal counsel, the Receiver executed the APS, dated October 2, 2019, with the Purchaser.
26. The APS is subject to the approval of this Court.

V. THE APS

27. The APS conforms substantially with the Baseline APS approved by the Order of Justice Pattilo dated September 25, 2019. Salient terms of the APS include (all capitalized terms in this section not defined in the APS are as otherwise defined in the Second Report):
 - i) the purchased assets include the Property;
 - ii) a deposit of 10% of the Purchase Price has been received from the Purchaser;
 - iii) the offer is unconditional, except for the APS being conditional on court approval and the issuance of an order vesting title to the purchased assets

in the Purchaser free and clear of claims and encumbrances, other than those specifically itemized in the APS;

iv) the Purchaser is buying the Property on an "as is, where is" basis; and

v) closing of the sale provided for in the APS is scheduled to occur on the twentieth Business Day following the date on which the Vesting Order is granted, or such other date as agreed between the Purchaser and the Receiver.

28. A copy of the executed APS is attached to this report at Tab 5 to Confidential Appendix "J".

VI. APPROVAL OF THE SALE

29. The Receiver believes that the marketing process undertaken by the Receiver was appropriate for the type of property in question and provided sufficient market exposure to the Real Property. The Real Property was exposed to the market for a period of approximately five weeks, notice of the sale of the Real Property was sent to more than 1,300 parties, and the Real Property was listed for sale on MLS, on Avison's website and advertised in the Globe and Mail.

30. As a result of the marketing efforts undertaken:

a) 26 parties signed back the Confidentiality Agreement;

(i) 21 tours for prospective purchasers were conducted at the Real Property; and

(ii) 7 offers to purchase the Real Property were received from prospective purchasers.

-
31. The Receiver is of the view that sufficient efforts were made to obtain the best price for the Real Property and the marketing process was conducted fairly. The Receiver regards the APS as the offer received for the Real Property which is the most advantageous to the creditors of 250. The Receiver therefore recommends that this Court approve the APS and grant an Order vesting title in the purchased assets in the Purchaser upon the closing of the Transaction.
 32. The Receiver believes that details of the offers submitted for the Real Property including matters relating thereto should be kept confidential until the closing of the transaction. The Receiver is of the view that public disclosure thereof would have a negative impact on the future marketing of the Real Property should the transaction with the Purchaser not be approved or completed.
 33. The Receiver therefore respectfully requests that Confidential Appendix "J" be sealed until after the closing of the sale of the Real Property.

VII. MATTERS ADJOURNED FROM THE SEPTEMBER 25, 2019 MOTION: CHATTELS, EQUIPMENT LIST ITEMS AND PROTOCOL RESPECTING REMOVAL OF PERSONAL PROPERTY

Third Party Property

34. The September 25 Order required that Mr. Terrelonge provide the Receiver with a list of any Third Party Property (as defined in the First Report) together with information relating to the owner of same, within two days.
35. The only Third Party Property which has been identified by Mr. Terrelonge as being at the Real Property premises consists of a Rogers digital box, which has since been retrieved by Mr. Terrelonge.

-
36. Counsel for 250/RHED/Mr. Terrelonge has confirmed to the Receiver that no further Third Party Property remains at the Real Property premises.
37. The Receiver is therefore proceeding on the assumption that there is no Third Party Property presently located at the Real Property.

Chattels and Equipment List Items

38. In Paragraphs 43-53 of the First Report, the Receiver set out its analysis with respect to the Chattels and Equipment List Items (each as defined in the First Report) situated at the Real Property.
39. As per the recommendations set out in the First Report, the Receiver has proposed, absent any objections from any interested party or the purchaser of the Real Property, that all Chattels and certain Equipment List Items (see, in particular paragraph 52 of the First Report) be released to Mr. Terrelonge.
40. Pursuant to the terms of the APS, the Receiver is entitled to exclude from the Transaction any fixtures located at the Real Property. The Purchaser is aware of the Receiver's intentions with respect to the Chattels and Equipment List Items addressed in the First Report. No objections have been received to the proposed manner of dealing with the Chattels and Equipment List Items, although the Receiver has yet to receive confirmation from Mr. Terrelonge/RHED as to their position respecting same.
41. The Receiver therefore requests that an Order be made by the Court that the Receiver is authorized to release to Mr. Terrelonge:
- a) the Chattels, as defined in the First Report; and

-
- b) those Equipment List Items proposed by the Receiver to, in the absence of any objection, be released to RHED as per paragraph 52 of the First Report
Report
(together, the "**Personal Property**").

Removal of Personal Property

42. Due to the pending Transaction, the Receiver requires certainty as to the timelines within which the Personal Property will be removed from the Real Property premises. The Receiver therefore requests that the Court issue an Order approving the following protocol for the treatment of any Personal Property presently located at the Real Property premises:
- (i) Mr. Terrelonge shall make arrangements for all Personal Property to be removed from the Real Property prior to 5:00 PM on October 25, 2019;
 - (ii) Mr. Terrelonge shall advise the Receiver of the arrangements which have been made for removal of the Personal Property and shall obtain the consent of the Receiver to such arrangements prior to attending at the Real Property for the purpose of removing same. Absent such consent and notice, the Receiver shall have no obligation to permit access to the Real Property;
 - (iii) removal of the Personal Property shall be performed under the supervision of the Receiver;
 - (iv) any Personal Property located at the Real Property premises which has not been removed before 5:00 P.M. October 25, 2019, shall be deemed to have been abandoned by its owner ("**Abandoned Items**"); and

-
- (v) the Receiver is authorized to take possession of, remove and to sell or dispose of any Abandoned Items and to deposit any funds realized from the Abandoned Items in the bank account of the Receiver for distribution as may be directed by future Court Order (the "**Personal Property Protocol**").

VIII. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

43. Attached as **Appendix "G"** is the Receiver's Interim Statement of Receipts and Disbursements for the period May 3, 2019 to September 30, 2019. During this period, receipts were \$50,094, including advances totaling \$50,000 from First Source under Receiver Certificate No. 1, and disbursements were \$23,699, resulting in a net cash balance of \$26,395.
44. As of the date of this report, the above-noted advance from First Source has not been repaid by the Receiver.
45. The Receiver intends on bringing an application for approval of an interim distribution to be heard prior to, or shortly after, the closing of the sale of the Real Property.

IX. PROFESSIONAL FEES

46. The Receiver's account for the period September 1 to 30, 2019 totals \$12,796.50 in fees, \$16.83 in disbursements plus HST of \$1,665.73 for a total amount of \$14,479.06 (the "**Receiver's Account**"). A copy of the Receiver's Account, together with a summary of the account, the total billable hours charged per the

account, and the average hourly rate charged per the account, is set out in the Affidavit of Daniel Weisz sworn October 10, 2019 that is attached as **Appendix "H"**.

47. The account of the Receiver's counsel, Torkin Manes, totals \$18,930.00 in fees and \$800.02 in disbursements and \$2,521.22 for HST for a total of \$22,251.24 (the "**Torkin Manes Account**") for the period September 1 to 30, 2019. A copy of the Torkin Manes Account, together with a summary of the personnel, hours and hourly rates described in the Torkin Manes Account, supported by the Affidavit of Barry Cohen sworn October 10, 2019, is attached as **Appendix "I"**.

X. CONCLUSION

48. The Receiver respectfully requests that the Court make Orders:
- a) authorizing and directing the Receiver to enter into and carry out the terms of the APS, together with any further minor amendments thereto deemed necessary by the Receiver in its sole opinion, and vesting title to the Real Property in the Purchaser, or as the Purchaser may further direct in writing, free and clear of claims and encumbrances, upon closing of the transaction under the APS and the delivery of a Receiver's certificate to the Purchaser;
 - b) sealing Confidential Appendix "**J**" to the Second Report until the closing of the sale of the Real Property;

-
- c) approving and authorizing the Receiver to carry out those steps contemplated pursuant to the Personal Property Protocol and to release the Personal Property to Mr. Terrelonge;
 - d) approving the Second Report and the Receiver's conduct and activities to October 9, 2019;
 - e) approving the R&D; and
 - f) approving the Receiver's Account and the Torkin Manes Account.

All of which is respectfully submitted to this Court as of this 10th day of October, 2019.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
581 Wellington Street West, Toronto, Ontario
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

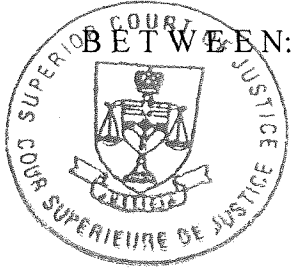
TAB D

Court File No. CV-19-00613044CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)
JUSTICE *Rattillo*)

FRIDAY, THE 1ST DAY
OF NOVEMBER, 2019



BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

APPROVAL AND VESTING ORDER

THIS MOTION, made by **RSM Canada Limited** in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") made as of **October 2, 2019** and appended to the Second Report of the Receiver dated **October 10, 2019** (the "**Second Report**"), and vesting in the Purchaser 2507448 Ontario Inc.'s ("**2507448**") right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Receiver's and all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended Order of the Honourable Justice Hainey dated April 8, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Toronto (#66) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

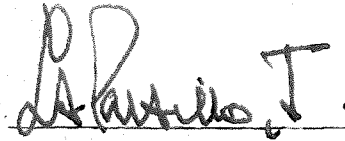
6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this

Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 04 2019

PER / PAR:



Schedule A – Form of Receiver’s Certificate

Court File No. CV-19-00613044CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Amended Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the "**Court**") dated April 8, 2019, RSM Canada Limited was appointed as the receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario, including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated November 1, 2019 (the "**Vesting Order**"), the Court approved the agreement of purchase and sale made as of October 2, 2019 (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver’s and the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement or the Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Date of Closing pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at [TIME] on ► [DATE].

RSM Canada Limited, solely in its capacity as Court-appointed Receiver of 581 Wellington Street West, Toronto, Ontario and not in its personal or corporate capacity and without personal or corporate liability

Per: _____

Name: ►

Title: ►

Schedule B – Purchased Assets

All of the Receiver's (if any) and 2507448 Ontario Inc.'s right, title and interest in and to the Property and the Building (as defined in the Sale Agreement) including, without limitation, the following real property:

MUNICIPAL ADDRESS: 581 Wellington Street West, Toronto, Ontario

LEGAL DESCRIPTION: PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS
1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF
TORONTO

PIN: 21241-0114 (LT)

Schedule C – Claims to be deleted and expunged from title to Real Property

The following Instruments are to be discharged upon registration of the Vesting Order:

1. INSTRUMENT NO. AT4215386 REGISTERED ON MAY 10, 2016 BEING A TRANSFER UNDER POWER OF SALE.
2. INSTRUMENT NO. AT4392140 REGISTERED ON 2016/11/03, BEING A CHARGE IN THE PRINCIPAL SUM OF \$575,000.
3. INSTRUMENT NO. AT4392157 REGISTERED ON 2016/11/03 BEING A NOTICE OF ASSIGNMENT OF RENTS (GENERAL)
4. INSTRUMENT NO. AT4393968 REGISTERED ON 2016/11/07, BEING A CHARGE IN THE PRINCIPAL SUM OF \$2,240,750.
5. INSTRUMENT NO. AT4410539 REGISTERED ON 2016/11/24, BEING A POSTPONEMENT.
6. INSTRUMENT NO. AT4436800 REGISTERED ON 2016/12/16, BEING A TRANSFER OF CHARGE.
7. INSTRUMENT NO. AT4460140 REGISTERED ON 2017/01/16 BEING A NOTICE
8. INSTRUMENT NO. AT4464143 REGISTERED ON 2017/01/19, BEING A TRANSFER OF CHARGE.
9. INSTRUMENT NO. AT4481194 REGISTERED ON 2017/02/07, BEING A TRANSFER OF CHARGE.
10. INSTRUMENT NO. AT4513211 REGISTERED ON 2017/03/16, BEING A NOTICE.
11. INSTRUMENT NO. AT4520256 REGISTERED ON 2017/03/27, BEING A TRANSFER OF CHARGE
12. INSTRUMENT NO. AT4535318 REGISTERED ON 2017/04/11, BEING A TRANSFER OF CHARGE.
13. INSTRUMENT NO. AT4570560 REGISTERED ON 2017/05/17, BEING A NOTICE.
14. INSTRUMENT NO. AT4612827 REGISTERED ON 2017/06/29, BEING A TRANSFER OF CHARGE.
15. INSTRUMENT NO. AT4648602 REGISTERED ON 2017/08/08, BEING A TRANSFER OF CHARGE.

16. INSTRUMENT NO. AT4722991 REGISTERED ON 2017/11/01, BEING TRANSFER OF CHARGE.
17. INSTRUMENT NO. AT4731884 REGISTERED ON 2017/11/14, BEING A TRANSFER OF CHARGE.
18. INSTRUMENT NO. AT4761477 REGISTERED ON 2017/12/15, BEING A TRANSFER OF CHARGE.
19. INSTRUMENT NO. AT4764223 REGISTERED ON 2017/12/19 BEING A TRANSFER OF CHARGE
20. INSTRUMENT NO. AT4799171 REGISTERED ON 2018/02/08 BEING A TRANSFER OF CHARGE
21. INSTRUMENT NO. AT4824592 REGISTERED ON 2018/03/20 BEING A NOTICE
22. INSTRUMENT NO. AT4832936 REGISTERED ON 2018/04/03 BEING A TRANSFER OF CHARGE
23. INSTRUMENT NO. AT4834357 REGISTERED ON 2018/04/04 BEING A CHARGE IN THE PRINCIPAL SUM OF \$3,500,000.
24. INSTRUMENT NO. AT4834358 REGISTERED ON 2018/04/04 BEING A NO ASSGN RENT GEN
25. INSTRUMENT NO. AT4834365 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
26. INSTRUMENT NO. AT4834366 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
27. INSTRUMENT NO. AT4835341 REGISTERED ON 2018/04/05 BEING A NOTICE
28. INSTRUMENT NO. AT4864798 REGISTERED ON 2018/05/16 BEING A TRANSFER OF CHARGE
29. INSTRUMENT NO. AT4885660 REGISTERED ON 2018/06/14 BEING A TRANSFER OF CHARGE
30. INSTRUMENT NO. AT4943186 REGISTERED ON 2018/08/24 BEING A TRANSFER OF CHARGE
31. INSTRUMENT NO. AT5065440 REGISTERED ON 2019/01/30 BEING A TRANSFER OF CHARGE

32. INSTRUMENT NO. AT5131618 REGISTERED ON 2019/05/08 BEING A APL
COURT ORDER

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Property (as defined in the Sales Agreement) means:

1. The exceptions and qualifications set out in the *Land Titles Act* (Ontario) and/or on the parcel register for the Property;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due or liens for same which are due but the validity of which are being contested in good faith by the Vendor provided that the Vendor has provided security which in the opinion of the Vendor, acting reasonably, is necessary to avoid any lien, charge or encumbrance arising with respect thereto;
5. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property;
6. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
7. Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
8. Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
9. Defects or irregularities in title to the Property;

10. The following instruments registered on title to the Property:
 - i. Instrument No. 63R-2301 being a reference plan.
 - ii. Instrument No. CT824656 registered on 1986/10/24 being an Agreement.
 - iii. Instrument No. 63R-4953 being a reference plan.

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND VESTING ORDER

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

First Source Financial Management
AND 2507448 Ontario Inc.
Plaintiff(s) Applicant
Defendant(s) Respondent

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
S. Thow - for Receiver		
J. Lamy - for Applicant		
M. Milovanovic - for Respondent		

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows):

Motion by the Receiver for approval of an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. dated October 2, 2019 in respect of the property over which the Receiver was appointed.

The Applicant's application for the Receiver's appointment was commenced in January 2019. It was adjourned four times to permit the respondent debtor to obtain re-financing. Finally, on ~~April 26~~ ^{May 3}, 2019, and in the absence of any re-financing being obtained, Harvey J. appointed

Let

Nov 1 / 19
Date

[Signature]
Judge's Signature

Additional Pages 4

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

JP

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~~Further~~
 the Receiver, Since its appointment, the Receiver has taken steps to market and sell the Real Property (a mixed commercial use building at 581 Wellington Street West, in Toronto). On September 25, 2019, I approved a Sales Process which involved Avison Young, an experienced real estate brokerage firm. The Sales Process ran from August 13 to September 20, 2019. The Property was extensively marketed ^{which} and generated much interest. At the Offer Review Date, seven offers were received. After review, four offerors were contacted and invited to improve or amend their offers and resubmit. Following the second round, three offerors were contacted and invited to either improve their offering price or delete any conditions. The fifth offeror also indicated it wished to resubmit. By the end, three of the four offers under consideration further amended their offers. Following review, the Receiver accepted the offer of the proposed purchaser and has entered into the Agreement of Purchase and Sale, ^{"dated October 2, 2019"} which it seeks approval for.

The respondent has appeared at the hearing today

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

and requested that the proposed sale transaction not be approved. It submits that it has obtained financing sufficient to redeem the applicant's mortgage, as well as enabling it to provide some monies to the 2nd and 3rd mortgagees and finish the proposed renovations to the building. It submits that the proposed sale, while sufficient to pay out the first, will only provide partial funds to the 2nd and nothing to the 3rd. It submits however, that its proposal and re-financing, in addition to giving the 2nd + 3rd mortgagees some funds, will enable construction to be completed which in turn will significantly (it is submitted) increase the value of the property. The problem with the Respondent's submission is that all of the above information has come from counsel's submissions. There is no evidence before the Court to confirm the re-financing or the alleged arrangements with the 2nd and 3rd mortgagees. Further, this is not a situation which has befallen the Respondent recently. The Respondent has had more than enough indulgences

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

from both the applicant and this court to enable re-financing. It has not happened. Nor, in the absence of any evidence, do I find that it has occurred. Even if the evidence supporting the respondent's submissions was before me, I would not interfere with the sale. Given the Receivership order together with the approval of the Sales Process which has been followed, a mortgagor has no right to redeem: See: B. M. Handelman Investments Ltd. v. Mass Properties Inc. [2009] O.T. No. 3044 (S.C.J.) at para. 21-22; Business Development Bank of Canada v. Marlwood Golf & Country Club Inc. [2015] O.T. No. 3283 (S.C.J.) at para. 25.

The respondent relies on Cameron v. Bank of Nova Scotia, [1981] N.S.J. No. 43 (N.S.C.A.) for the proposition that in certain circumstances the court will not approve a sale where it is not in the best interest of either the creditors or the owner. I don't disagree with that. The facts in Cameron are very different than before me. Specifically, there is no evidence from the

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

respondent, to permit me to find the proposed sale is not in the best interest of the creditors as the respondent.

Based on the material filed, I am satisfied that the proposed sale, which is in excess of the appraised value, should be and is approved and a vesting order should be granted. The Soundair principles have all been met in this case.

The order with respect to removal of the respondent's personal property by Nov 15, 2019 is unopposed and is therefore granted.

Finally the Second Report is approved as well as the fees and disbursements of the Receiver and its counsel from August 31, 2019 to September 30, 2019.

Orders signed by me.

In light of the sensitive information concerning the sale process and the APS, Confidential Appendix "J" to the 2nd Report is sealed until completion of the sale. Swiss Club principles have been met.

TAB E

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) FRIDAY, THE 1ST DAY
JUSTICE *PaHillo*) OF NOVEMBER, 2019

BETWEEN:

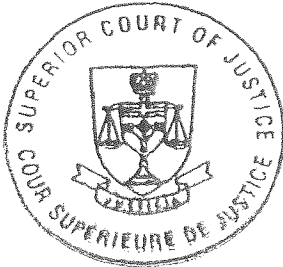
FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent



APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

ORDER

THIS MOTION, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. ("**250**") for an order, *inter alia*, approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") made as of **October 2, 2019** and appended to the Second Report of the Receiver dated October 10, 2019 (the "**Second Report**"), and vesting in the Purchaser 2507448 Ontario Inc.'s right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of the lawyer for the Receiver,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record filed on this Motion is hereby abridged, service is validated and that further service thereof is hereby dispensed with such that this Motion is properly returnable today.

2. **THIS COURT ORDERS AND DECLARES** that the Second Report, including the Interim R&D (as therein defined), is approved and the conduct and activities of the Receiver as set out therein are approved.

3. **THIS COURT ORDERS** that Confidential Appendix “J” to the Second Report, including all appendices thereto, be sealed and shall not be publicly available until such time as the sale of the property located at 581 Wellington Street West, Toronto, by the Receiver, as contemplated in the Approval and Vesting Order in this matter dated November 1, 2019, has been fully completed, or until further Order of this Court.

4. **THIS COURT ORDERS** that the Receiver is authorized to release the Personal Property, as defined in the Second Report, and the Island, as defined in the Receiver’s First Report to Court dated September 17, 2019, to Mr. Del Terrelonge.

5. **THIS COURT ORDERS** that the Receiver is authorized and directed to carry out the Personal Property Protocol, as described in the Second Report, and furthermore that:

- (a) Mr. Del Terrelonge, on behalf of himself personally, 250 and 1586091 Ontario Limited (“**RHED**”), is to remove all Personal Property (as defined herein) and the Island from the Real Property (as defined in the Second Report) by no later than

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5:00 P.M. on November 15, 2019, or within such extended timeframe as may be agreed upon by the Receiver in writing (the "**Removal Deadline**");

- (b) Mr. Terrelonge, 250 and RHED shall obtain the approval of the Receiver, on at least 48 hours prior notice, as to the date and time(s) at which they, or their agents, intend to attend at the Real Property for the purpose of the removal of the Personal Property and that the Receiver shall be permitted to supervise their activities while present at the Property; and
- (c) Any Personal Property which has not been removed from the Real Property by the Removal Deadline ("**Abandoned Items**") shall be treated as abandoned by its owner and the Receiver is authorized to take possession of, remove and to sell or dispose of, at the Receiver's discretion, any Abandoned Items and to deposit any proceeds realized from the Abandoned Items, if any, to the account maintained by the Receiver in connection with the receivership of the Property.

6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from August 31, 2019 to September 30, 2019 as set out in the Second Report be and are hereby approved.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's counsel for the period from August 31, 2019 to September 30, 2019 as set out in the Second Report be and are hereby approved.

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LE / DANS LE REGISTRE NO:

NOV 04 2019

Handwritten signature

PER / PAR: *Handwritten initials*

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

TORKIN MANES LLP

Barristers & Solicitors

151 Yonge Street, Suite 1500

Toronto ON M5C 2W7

Stewart Thom (55695C)

sthom@torkinmanes.com

Tel: 416-777-5197

Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 59A (July 1, 2007)

TAB F

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**SUPPLEMENTAL REPORT TO THE SECOND REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

November 20, 2019

I. INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (the “**Court**”) dated April 8, 2019, issued and entered on April 26, 2019 (the “**Amended Appointment Order**”) and effective on May 3, 2019, RSM Canada Limited (“**RSM**” or the “**Receiver**”) was appointed as receiver over the lands and premises municipally known 581 Wellington Street West, Toronto, Ontario (the “**Real Property**”) and for all of the assets, undertakings and properties of 2507448 Ontario Inc. (“**250**” or the “**Debtor**”) acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the “**Property**”). A copy of the Amended Appointment Order is attached hereto as **Appendix “A”**.
2. The Second Report of the Receiver dated October 10, 2019 (the “**Second Report**”) was filed in connection with a motion by the Receiver seeking approval of the sale of the Real Property. The purpose of the Second Report was to, *inter alia*,:
 - (a) report to the Court on the results of the marketing and sales process and the activities of the Receiver leading to receipt of offers for the Real Property; and
 - (b) seek an Order authorizing and directing the Receiver to enter into and carry out the terms of the Agreement of Purchase and Sale (the “**APS**”) between the Receiver and 2562051 Ontario Inc. (the “**Purchaser**”) dated October 2, 2019 (the “**APS**”), together with any further minor amendments thereto deemed necessary by the Receiver, in its sole opinion, and vesting

title to the Real Property in the Purchaser, or into such entity as the Purchaser may further direct in writing, free and clear of claims and encumbrances, upon closing of the Transaction and the delivery of a Receiver's certificate to the Purchaser.

3. On November 1, 2019, the Honourable Justice Pattillo J. granted an Order (the "**November 1 Order**") approving the APS, authorizing the Receiver to complete the transaction therein detailed and vesting title to the Real Property in the Purchaser upon closing and delivery of a Receiver's Certificate. Attached as **Appendix "B"** to this Supplemental Report to the Second Report of the Receiver ("**Supplemental Report**") is a copy of the November 1 Order.
4. The purpose of this Supplemental Report is to:
 - (a) inform the Court that the Purchaser has requested that, for the purpose of the transaction, title to the Real Property be conveyed to 2726960 Ontario Inc. (the "**Substituted Purchaser**"), and not the Purchaser, on closing;
 - (b) seek certain amendments to the November 1 Order which are necessary in order to give effect to this intention; and
 - (c) provide the Court with the Receiver's recommendation that the amendments sought to the November 1 Order be approved.
5. This Supplemental Report should be read in conjunction with the Second Report. Attached to this Supplemental Report as **Appendix "C"** is a copy of the Second Report, without Appendices.

II. REQUESTED AMENDMENTS AND RECOMMENDATIONS

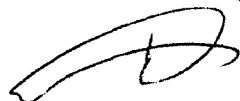
6. Counsel for the Purchaser and Substituted Purchaser, Cummings Cooper Schusheim Berliner LLP, has advised the Receiver, in support of the requested amendments, that:
- the Purchaser and Substituted Purchaser have the same beneficial ownership;
 - no consideration has been, or will be, paid or transferred as between the Purchaser and the Substituted Purchaser in relation to the transaction contemplated by the APS;
 - the Purchaser always intended that title to the Real Property would be taken in the name of a single purpose entity incorporated for the purposes of the transaction and did not appreciate that such designation would, if not made prior to the issuance of the November 1 Order, require an amendment to the November 1 Order. Had the Purchaser realized that it was necessary that the November 1 Order approving the transaction reflect such intention, this circumstance would have been addressed prior to the November 1 Order being issued; and
 - no party would be adversely affected by the amendments sought to the November 1 Order, should the amendments sought be granted.
7. The Receiver is not aware of any reason to doubt the correctness of any of the statements conveyed by counsel to the Purchaser/Substituted Purchaser.

-
8. The transaction with the Substituted Purchaser will, in all other respects but for the identity of the party taking title, be completed on the same terms as those previously approved by this Honorable Court pursuant to the November 1 Order.
 9. The Receiver knows of no reason why the amendments to the November 1 Order should not be granted and recommends that the Court grant the amendments sought and issue the draft Amending Order attached to this Supplemental Report as **Appendix "D"**.

All of which is respectfully submitted to this Court as of this 20th day of November, 2019.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
581 Wellington Street West, Toronto, Ontario
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

TAB G

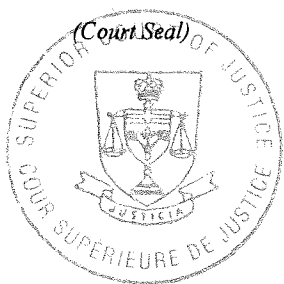
Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE *HAWKEY*)

FRIDAY, THE 22ND
DAY OF NOVEMBER, 2019

BETWEEN:



FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

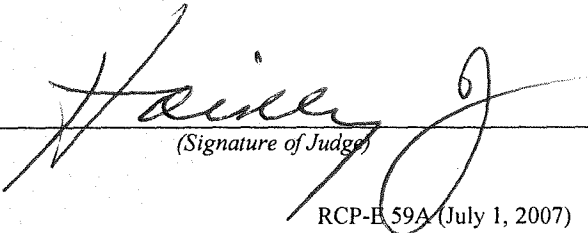
APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

**ORDER
(Amending November 1, 2019 Order of Pattillo J.)**

THIS MOTION, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof, owned by 2507448 Ontario Inc. (the "**Debtor**"), for an order amending the Approval and Vesting Order of Justice Pattillo dated November 1, 2019, was heard this day at the court house, 330 University Avenue, 9th Floor, Toronto ON, M5G 1R7.

ON READING the Supplemental Report to the Second Report of the Receiver dated November 20, 2019 and on hearing the submissions of the lawyers for the Receiver and the Applicant,

1. THIS COURT ORDERS that the Approval and Vesting Order of Pattillo J. dated November 1, 2019, attached hereto as Schedule "A", is hereby amended in accordance with the Amended Approval and Vesting Order, attached hereto as Schedule "B".


(Signature of Judge)
RCP-E 59A (July 1, 2007)

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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 25 2019

PER / PAR: 

TAB H

Court File No. CV-19-00613044CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) FRIDAY, THE 1ST DAY
JUSTICE PATTILLO) OF NOVEMBER, 2019

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent



APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

AMENDED APPROVAL AND VESTING ORDER

THIS MOTION, made by **RSM Canada Limited** in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc., whereas it is intended by 2562051 Ontario Inc. that title to the Purchased Assets be taken in the name of 2726960 Ontario Inc. (the "**Purchaser**") made as of **October 2, 2019** and appended to the Second Report of the Receiver dated **October 10, 2019** (the "**Second Report**"), and vesting in the Purchaser 2507448 Ontario Inc.'s ("**2507448**") right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Receiver's and all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended Order of the Honourable Justice Hainey dated April 8, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Toronto (#66) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B

hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

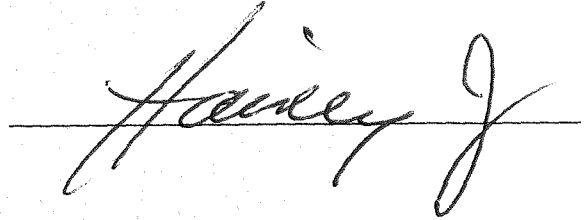
6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give

effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "Harvey J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 25 2019

PER / PAR:

A small, handwritten signature or initials, possibly "C", is written next to the "PER / PAR:" label.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-19-00613044CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Amended Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the "**Court**") dated April 8, 2019, RSM Canada Limited was appointed as the receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario, including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated November 1, 2019 (the "Vesting Order"), the Court approved the agreement of purchase and sale made as of October 2, 2019 (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc., whereas it is intended by 2562051 Ontario Inc. that title to the Purchased Assets be taken in the name of 2726960 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver’s and the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been

completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement or the Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Date of Closing pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at [TIME] on ► [DATE].

RSM Canada Limited, solely in its capacity as Court-appointed Receiver of 581 Wellington Street West, Toronto, Ontario and not in its personal or corporate capacity and without personal or corporate liability

Per: _____

Name: ►

Title: ►

Schedule B – Purchased Assets

All of the Receiver's (if any) and 2507448 Ontario Inc.'s right, title and interest in and to the Property and the Building (as defined in the Sale Agreement) including, without limitation, the following real property:

MUNICIPAL ADDRESS: 581 Wellington Street West, Toronto, Ontario

LEGAL DESCRIPTION: PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS
1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF
TORONTO

PIN: 21241-0114 (LT)

Schedule C – Claims to be deleted and expunged from title to Real Property

The following Instruments are to be discharged upon registration of the Vesting Order:

1. INSTRUMENT NO. AT4215386 REGISTERED ON MAY 10, 2016 BEING A TRANSFER UNDER POWER OF SALE.
2. INSTRUMENT NO. AT4392140 REGISTERED ON 2016/11/03, BEING A CHARGE IN THE PRINCIPAL SUM OF \$575,000.
3. INSTRUMENT NO. AT4392157 REGISTERED ON 2016/11/03 BEING A NOTICE OF ASSIGNMENT OF RENTS (GENERAL)
4. INSTRUMENT NO. AT4393968 REGISTERED ON 2016/11/07, BEING A CHARGE IN THE PRINCIPAL SUM OF \$2,240,750.
5. INSTRUMENT NO. AT4410539 REGISTERED ON 2016/11/24, BEING A POSTPONEMENT.
6. INSTRUMENT NO. AT4436800 REGISTERED ON 2016/12/16, BEING A TRANSFER OF CHARGE.
7. INSTRUMENT NO. AT4460140 REGISTERED ON 2017/01/16 BEING A NOTICE
8. INSTRUMENT NO. AT4464143 REGISTERED ON 2017/01/19, BEING A TRANSFER OF CHARGE.
9. INSTRUMENT NO. AT4481194 REGISTERED ON 2017/02/07, BEING A TRANSFER OF CHARGE.
10. INSTRUMENT NO. AT4513211 REGISTERED ON 2017/03/16, BEING A NOTICE.
11. INSTRUMENT NO. AT4520256 REGISTERED ON 2017/03/27, BEING A TRANSFER OF CHARGE
12. INSTRUMENT NO. AT4535318 REGISTERED ON 2017/04/11, BEING A TRANSFER OF CHARGE.
13. INSTRUMENT NO. AT4570560 REGISTERED ON 2017/05/17, BEING A NOTICE.
14. INSTRUMENT NO. AT4612827 REGISTERED ON 2017/06/29, BEING A TRANSFER OF CHARGE.
15. INSTRUMENT NO. AT4648602 REGISTERED ON 2017/08/08, BEING A TRANSFER OF CHARGE.

16. INSTRUMENT NO. AT4722991 REGISTERED ON 2017/11/01, BEING TRANSFER OF CHARGE.
17. INSTRUMENT NO. AT4731884 REGISTERED ON 2017/11/14, BEING A TRANSFER OF CHARGE.
18. INSTRUMENT NO. AT4761477 REGISTERED ON 2017/12/15, BEING A TRANSFER OF CHARGE.
19. INSTRUMENT NO. AT4764223 REGISTERED ON 2017/12/19 BEING A TRANSFER OF CHARGE
20. INSTRUMENT NO. AT4799171 REGISTERED ON 2018/02/08 BEING A TRANSFER OF CHARGE
21. INSTRUMENT NO. AT4824592 REGISTERED ON 2018/03/20 BEING A NOTICE
22. INSTRUMENT NO. AT4832936 REGISTERED ON 2018/04/03 BEING A TRANSFER OF CHARGE
23. INSTRUMENT NO. AT4834357 REGISTERED ON 2018/04/04 BEING A CHARGE IN THE PRINCIPAL SUM OF \$3,500,000.
24. INSTRUMENT NO. AT4834358 REGISTERED ON 2018/04/04 BEING A NO ASSGN RENT GEN
25. INSTRUMENT NO. AT4834365 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
26. INSTRUMENT NO. AT4834366 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
27. INSTRUMENT NO. AT4835341 REGISTERED ON 2018/04/05 BEING A NOTICE
28. INSTRUMENT NO. AT4864798 REGISTERED ON 2018/05/16 BEING A TRANSFER OF CHARGE
29. INSTRUMENT NO. AT4885660 REGISTERED ON 2018/06/14 BEING A TRANSFER OF CHARGE
30. INSTRUMENT NO. AT4943186 REGISTERED ON 2018/08/24 BEING A TRANSFER OF CHARGE
31. INSTRUMENT NO. AT5065440 REGISTERED ON 2019/01/30 BEING A TRANSFER OF CHARGE

32. INSTRUMENT NO. AT5131618 REGISTERED ON 2019/05/08 BEING A APL
COURT ORDER

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Property (as defined in the Sales Agreement) means:

1. The exceptions and qualifications set out in the *Land Titles Act* (Ontario) and/or on the parcel register for the Property;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due or liens for same which are due but the validity of which are being contested in good faith by the Vendor provided that the Vendor has provided security which in the opinion of the Vendor, acting reasonably, is necessary to avoid any lien, charge or encumbrance arising with respect thereto;
5. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property;
6. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
7. Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
8. Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
9. Defects or irregularities in title to the Property;

10. The following instruments registered on title to the Property:

- i. Instrument No. 63R-2301 being a reference plan.
- ii. Instrument No. CT824656 registered on 1986/10/24 being an Agreement.
- iii. Instrument No. 63R-4953 being a reference plan.

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

AMENDED APPROVAL AND VESTING ORDER

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

TAB I

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**THIRD REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

December 3, 2019

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I. INTRODUCTION

Background and Appointment of Receiver

1. Pursuant to an application made by First Source Financial Management Inc. ("**First Source**"), and by Order of the Ontario Superior Court of Justice ("the **Court**") dated April 8, 2019, issued and entered on April 26, 2019 (the "**Amended Appointment Order**") and effective on May 3, 2019, RSM Canada Limited ("**RSM**" or the "**Receiver**") was appointed as receiver over the lands and premises municipally known 581 Wellington Street West, Toronto, Ontario (the "**Real Property**") and for all of the assets, undertakings and properties of 2507448 Ontario Inc. ("**250**" or the "**Debtor**") acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "**Property**"). A copy of the Amended Appointment Order is attached hereto as **Appendix "A"**. Torkin Manes LLP ("**Torkin Manes**") is the Receiver's independent legal counsel.
2. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and is the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250.
3. First Source is an Ontario corporation in the business of providing mortgage financing. First Source holds a first mortgage in the principal amount of \$3,500,000 against the Real Property (the "**Mortgage**"). As set out later herein,

there are two mortgages registered against the Real Property that are subordinate to the First Source mortgage.

Post Appointment Activities and Previous Court Appearances

4. The Amended Appointment Order authorizes the Receiver to, among other things, take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property.
5. The Receiver's first report to Court dated September 17, 2019 (the "**First Report**"), sets out, *inter alia*, steps taken by the Receiver in connection with maintaining and securing the Real Property and marketing the Real Property for sale. A copy of the First Report is attached hereto without appendices, as **Appendix "B"**.
6. On September 25, 2019, the Receiver brought a motion seeking various relief in anticipation of the imminent conclusion of the sale process for the Real Property and in order to address certain issues that required resolution prior to the completion of any sale. Specifically, the Receiver sought an Order:
 - a) terminating the lease (the "**Lease**") between 250 and 1586091 Ontario Limited O/A rhed ("**RHED**"), a related-party tenant of the Real Property;
 - b) requiring Mr. Terrelonge to:
 - (i) identify any Third Party Property located at the Real Property premises and advise the Receiver as to the owner of same; and
 - (ii) comply with a proposed protocol and deadline for the removal of certain property remaining at the Real Property premises (the "**Personal Property**") and to permit the Receiver to treat as

abandoned, and to sell or dispose of, any property not so removed;

and

- c) approving the Sales Process (as defined in the First Report).
7. On September 25, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo, who granted an Order (the "**September 25 Order**"):
- a) approving the Sales Process;
 - b) terminating the Lease; and
 - c) requiring Mr. Terrelonge to provide information respecting the Third Party Property.
8. The remaining relief sought by the Receiver, which related to the treatment and removal of the Personal Property was adjourned. A copy of the September 25 Order and the Endorsement of Justice Pattillo dated September 25, 2019 (the "**September 25 Endorsement**") are attached hereto as Appendices "C" and "D", respectively.
9. On October 17, 2019, the Receiver brought a motion for, *inter alia*:
- a) approval of an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") dated October 2, 2019 (the "**APS**") and an order authorizing and directing the Receiver to enter into and carry out the terms of the transaction contemplated therein (the "**Transaction**"); and
 - b) addressing the treatment of, and establishing a protocol for the removal of, the Personal Property remaining at the premises.

A copy of the Receiver's second report to the Court dated October 10, 2019 (the "**Second Report**") is attached hereto without appendices, as Appendix "**E**".

10. On October 17, 2019, the Receiver's motion was adjourned by the Honourable Justice Hainey to November 1, 2019, as counsel for 250 advised that 250 intended to oppose the approval of the sale of the Real Property but was not able to attend on the October 17, 2019 hearing date.
11. On November 1, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo. 250 opposed the approval of the sale, but did not oppose any of the other relief sought by the Receiver. After hearing the arguments of counsel and considering the evidence filed, Justice Pattillo granted the relief sought by the Receiver, and issued:
 - a) an Approval and Vesting Order approving the APS, authorizing the Receiver to complete the Transaction and, upon the completion of the Transaction and the issuance of a Receiver's Certificate, vesting title in and to the Purchased Assets (as defined in the APS) in the Purchaser (the "**Approval and Vesting Order**"); and
 - b) an Order (the "**November 1 Order**"), *inter alia*, approving the proposed treatment of the Personal Property remaining at the premises and establishing a protocol and deadline of November 15, 2019 (the "**Removal Deadline**") for the removal of same.

Copies of the Approval and Vesting Order and the November 1 Order are attached hereto, as Appendices "**F**" and "**G**", respectively.

-
12. On November 20, 2019, the Receiver brought a motion, returnable on November 22, 2019, for the purpose of seeking certain amendments to the Approval and Vesting Order in order to accommodate the Purchaser's request that, for the purpose of completing the sale of the Real Property, title to the Real Property be conveyed to 2726960 Ontario Inc. (the "**Substituted Purchaser**"), and not the Purchaser, on closing. A copy of the Receiver's Supplemental Report to the Second Report of the Receiver to the Court dated November 20, 2019 (the "**Supplemental Report to the Second Report**") in support of the Receiver's motion is attached hereto, without appendices, as Appendix "H".
 13. On November 22, 2019, the Honourable Justice Hainey issued an Order amending the Approval and Vesting Order (the "**Amending Order**") and an Amended Approval and Vesting Order in respect of the sale of the Real Property (the "**Amended Approval and Vesting Order**") authorizing the conveyance of the Real Property to the Substituted Purchaser. A copy of the Amending Order without Schedule "A" and the Amended Approval and Vesting Order are attached hereto as Appendix "I".
 14. The Amended Appointment Order, the First Report, the September 25 Order, the September 25 Endorsement, the Second Report, the Supplemental Report to the Second Report, the November 1 Order, the Amending Order and the Amended Approval and Vesting Order and other court documents have been posted on the Receiver's website, which can be found at rsmcanada.com/581-Wellington-Street-West.

II. PURPOSE OF REPORT

15. The purpose of this report (the "Third Report") is to:
- a) report to the Court on the Receiver's activities since the Second Report to November 29, 2019;
 - b) report to the Court on the status of the sale of the Real Property;
 - c) report to the Court on the opinion obtained by the Receiver on the Mortgage held by First Source; and
 - d) seek an Order:
 - i) approving the Third Report and the Receiver's conduct and activities to November 29, 2019;
 - ii) approving the fees and disbursements of the Receiver for the period October 1, 2019 to October 31, 2019;
 - iii) approving the fees and disbursements of Torkin Manes for the period October 1, 2019 to October 31, 2019;
 - iv) directing amount(s) to be paid by the Receiver from the net proceeds from the sale of the Real Property; and
 - v) authorizing the Receiver to make the Interim Distribution (as defined herein) to First Source.

Terms of Reference

16. In preparing this report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the "Information"). The Receiver has, to the extent possible, reviewed the

Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

17. Defined terms in the Third Report have, unless indicated otherwise herein, the same meanings as set out in the First Report and the Second Report.
18. Unless otherwise stated, all dollar amounts contained in the Third Report are expressed in Canadian dollars.

III. STATUS OF THE SALE OF THE REAL PROPERTY

19. On November 12, 2019, the Purchaser requested that the closing date of the Transaction be extended to December 9, 2019. The Receiver advised that it would be agreeable to an extension of the closing date to December 9, 2019 on certain terms and conditions. Those terms were agreed to by the Purchaser and the closing date of the transaction has been extended to December 9, 2019.
20. It is presently anticipated that the Transaction will close on December 9, 2019. The Receiver will update the Court as to the status of the closing at the return of this motion.

IV. REMOVAL OF PERSONAL PROPERTY

21. The November 1 Order directed that the Personal Property was to be removed from the Real Property by Mr. Terrelonge prior to the Removal Deadline of 5:00 PM on November 15, 2019.
22. Between November 1 and November 11, 2019, no steps were taken towards the removal of the Personal Property.
23. On November 11, 2019, the Receiver met with, among others, Mr. Terrelonge at the Real Property to discuss the removal of the Personal Property. At that time, Mr. Terrelonge informed the Receiver that the company he had engaged to disassemble and remove the Personal Property would not proceed unless the heat to the premises, which had been disconnected by Enbridge prior to the appointment of the Receiver, was restored. The Receiver contacted Enbridge and heat was restored to the premises on November 12, 2019.
24. On November 13, 2019, counsel for Mr. Terrelonge/250 requested an extension of the Removal Deadline to November 22, 2019. The Receiver agreed to the requested extension.
25. Removal of the Personal Property by Mr. Terrelonge commenced in earnest on November 18, 2019. Moreau, the property management company engaged by the Receiver, attended at the premises throughout the removal process in order to monitor the work being performed.
26. On November 21, 2019, Mr. Terrelonge indicated that additional time would be required in order to complete the removal of the Personal Property from the

premises and it was requested that the Removal Deadline be further extended to November 26, 2019. A further extension of the Removal Deadline, to 5:00 PM on November 26, 2019 was agreed to by the Receiver.

27. On November 26, 2019 at 5:00 PM, the extended Removal Deadline expired, without any further extension being granted.
28. As of the expiry of the extended Removal Deadline, nearly all Personal Property had been removed from the premises. Counsel for Mr. Terrelonge/250 has, however, identified three additional items which Mr. Terrelonge has indicated he wishes to recover, but which were not removed from the premises prior to the expiry of the extended Removal Deadline. These items (the "Remaining Items") consist of:
- a) a partially disassembled Kitchen Island; and
 - b) two installed bathtubs (which, for clarity, are not items which the Receiver has previously sought authorization to release to Mr. Terrelonge).
29. As per the terms of the November 1 Order, all items remaining at the premises are, upon expiry of the Removal Deadline, deemed to be "Abandoned Items" which the Receiver is authorized to dispose of. Counsel for the Receiver has nonetheless advised counsel for Mr. Terrelonge/250 that, should Mr. Terrelonge make arrangements for the removal of the Remaining Items and request access to the Real Property for such purpose, the request will be considered. The Receiver has not, however, offered any assurances that access will be allowed or that the Remaining Items will be released. To date, no further request for access to the Real Property has been made.

30. Following the removal of the Personal Property:

- a) on November 26, 2019, the Receiver arranged for an electrician to attend at the premises to make sure there were no resulting electrical hazards; and
- b) on November 28, 2019, workers attended at the premises for the purpose of removing and disposing of garbage remaining on site.

V. SECURED CREDITORS

31. The following is a list of the secured creditors having registrations against 250 in either the Personal Property Security Registration System ("PPSA") or against title to the Property as shown on the parcel register for the Real Property ("PIN") as of November 29, 2019:

Name of Registrant	Registered Charge	PPSA	PIN
First Source Financial Management Inc.	\$3,500,000	√	√
Zaherali Visram ("Mr. Visram")	\$1,375,750		√
Olympia Trust Company, Computershare Trust Company and Ed Gilmore ("Third Mortgage")	\$3,583,500	√	√
1586091 Ontario Limited o/a rhed		√	

Copies of the PPSA search and the PIN search are attached hereto as Appendices "J" and "K", respectively.

32. The Receiver has received from First Source an Account Closing Statement current to December 12, 2019 (the "First Source Statement"). According to the First Source Statement, the amount owing by the Debtor to First Source and required to discharge the first mortgage will be, as of December 12, 2019,

\$4,609,990.68, including the \$50,000 advance, plus interest and fees on the advance for which Receiver Certificate No. 1 was issued. A copy of the First Source Statement is attached to this report at Appendix "L".

33. The First Source Statement includes various charges that have become due as a result of 250's default under the mortgage. A copy of the Charge/Mortgage, provided to the Receiver by First Source in support of amounts set out on the First Source Statement, is attached hereto as Appendix "M".

34. The Receiver has received an opinion from Torkin Manes ("**Legal Opinion on First Source Security**") that, subject to the qualifications set out in the opinion,:

- a) First Source holds a first-ranking security interest over personal property of 250 based on date of registration;
- b) the Mortgage in favour of First Source was validly registered against title to the Real Property and that the Mortgage ranks first in priority among registered encumbrances against title to the Real Property by date of registration; and
- c) the Security Documents (as defined in the Legal Opinion on First Source Security) constitute valid and binding obligations of the Debtor in favour of First Source and are enforceable in accordance with their terms.

A copy of the Legal Opinion on First Source Security is attached hereto, as Appendix "N".

35. On November 6, 2019, Torkin Manes requested that Olympia and Visram provide to the Receiver:

- a) copies of all security/mortgage documents; and

b) an itemized statement of the claimed outstanding indebtedness owed to them, current to November 28, 2019, with per diem interest noted.

36. On November 19, 2019, Mr. Visram provided a statement of the amounts owing to him (the "**Visram Statement**"). According to the Visram Statement, the amount that will be owing to Mr. Visram pursuant to the second mortgage registered on title to the Property, as of December 4, 2019, is \$1,662,055.
37. The Receiver has requested that Torkin Manes provide to the Receiver an opinion on the validity of the security held by Mr. Visram.

VI. INTERIM DISTRIBUTION

38. As set out above, the closing of the sale of the Real Property is scheduled to take place on December 9, 2019.
39. Following the closing of the sale of the Real Property, and receipt by the Receiver of the net sales proceeds therefrom, funds will be available for the Receiver to make an interim distribution. The Receiver proposes that following closing of the sale of the Real Property, after payment of property taxes and commissions payable to Avison Young in respect of the sale of the Real Property, that the Receiver be authorized to additionally pay out, from the proceeds of sale, the following amounts:
- a) to First Source the advances totaling \$50,000 under Receiver Certificate No. 1 plus interest and fee on the Advance (the "**Receiver Certificate Advance**") and the amounts owing to the Receiver and Torkin Manes on

account of their respective unpaid accounts (collectively, the "Receiver's Expenses"); and

b) the Interim Distribution (as defined below) to First Source.

40. First Source has requested that the Receiver pay to First Source the balance set out on the First Source Statement, net of the Receiver Certificate Advance.
41. Both 250 and Hasson Pereira, a person claiming to represent the interests of investors in the Third Mortgage, have previously expressed to the Receiver an intention to dispute the propriety of certain amounts claimed as owing by First Source under the terms of its mortgage. To date, no parties have identified the particular amounts in dispute or provided the Receiver with any explanation as to the specific basis for any such objection. It is, however, the Receiver's understanding that neither the principal amount advanced by First Source nor the interest accrued thereon are disputed, but that the concerns raised relate to various other charges and fees claimed by First Source as owing under the terms of its mortgage.
42. Given the foregoing, it would appear at this time that, unless otherwise resolved, advice and direction from the Court in respect of any disputed amounts claimed as owing in the First Source Statement may be required.
43. Interest continues to accrue on the outstanding balance of the First Source Mortgage at a rate of 18%. The Receiver is of the view that it is in the interests of all parties that the amount of the principal advance by First Source, accrued interest thereon as well as any other amounts which are not disputed by any interested party be paid out promptly as an interim distribution to First Source

(the total of these being the "Interim Distribution") in order to prevent the accrual of further interest upon amounts corresponding to the non-disputed claims of First Source. Counsel for 250 has indicated that 250 will advise the Receiver, in advance of the return of this motion, as to which of those claims set out on the First Source Statement it intends to dispute and which it does not dispute. 250's counsel has further advised that 250 does not oppose an interim distribution being made to First Source of any non-disputed amounts.

44. The Receiver therefore recommends and requests that this Court direct that:
- a) the Receiver be authorized to pay to First Source the Receiver Certificate Advance;
 - b) the Receiver be authorized to make an interim distribution to First Source in an amount equal to the Interim Distribution; and
 - c) the Receiver's request for advice and directions respecting the propriety of any disputed claims of First Source be deferred to a date in January 2020, in order to permit any interested parties to file such materials in response as they may deem appropriate.

VII. PROFESSIONAL FEES

45. The Receiver's account for the period October 1 to 31, 2019 totals \$14,189.00 in fees, plus HST of \$1,844.57 for a total amount of \$16,033.57 (the "Receiver's Account"). A copy of the Receiver's Account, together with a summary of the account, the total billable hours charged per the account, and the average hourly

rate charged per the account, is set out in the Affidavit of Daniel Weisz sworn December 3, 2019 that is attached as **Appendix "O"**.

46. The account of the Receiver's counsel, Torkin Manes, totals \$24,039.00 in fees and \$1,276.15 in disbursements and \$3,242.64 for HST for a total of \$28,557.79 (the "**Torkin Manes Account**") for the period October 1 to 31, 2019. A copy of the Torkin Manes Account, together with a summary of the personnel, hours and hourly rates described in the Torkin Manes Account, supported by the Affidavit of Jeffrey J. Simpson sworn December 3, 2019, is attached as **Appendix "P"**.

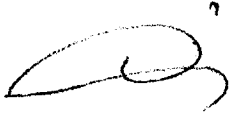
VIII. CONCLUSION

47. The Receiver respectfully requests that the Court make an Order:
- a) approving the Third Report and the Receiver's conduct and activities to November 29, 2019;
 - b) approving the fees and disbursements of the Receiver for the period October 1, 2019 to October 31, 2019;
 - c) approving the fees and disbursements of Torkin Manes for the period October 1, 2019 to October 31, 2019;
 - d) directing amount(s) to be paid by the Receiver from the net proceeds from the sale of the Real Property; and
 - e) approving the Interim Distribution to First Source.

All of which is respectfully submitted to this Court as of this 3rd day of December, 2019.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
581 Wellington Street West, Toronto, Ontario
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

TAB J

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**FOURTH REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

December 4, 2019

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I. INTRODUCTION

Background and Appointment of Receiver

1. Pursuant to an application made by First Source Financial Management Inc. ("**First Source**"), and by Order of the Ontario Superior Court of Justice ("**the Court**") dated April 8, 2019, issued and entered on April 26, 2019 (the "**Amended Appointment Order**") and effective on May 3, 2019, RSM Canada Limited ("**RSM**" or the "**Receiver**") was appointed as receiver over the lands and premises municipally known 581 Wellington Street West, Toronto, Ontario (the "**Real Property**") and for all of the assets, undertakings and properties of 2507448 Ontario Inc. ("**250**" or the "**Debtor**") acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "**Property**"). A copy of the Amended Appointment Order is attached hereto as **Appendix "A"**. Torkin Manes LLP ("**Torkin Manes**") is the Receiver's independent legal counsel.
2. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and is the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250.
3. First Source Financial Management Inc. ("**First Source**") is an Ontario corporation in the business of providing mortgage financing. First Source holds a first mortgage in the principal amount of \$3,500,000 against the Real Property (the

"Mortgage"). As set out later herein, there are two mortgages registered against the Real Property that are subordinate to the First Source mortgage.

Previous Court Appearances

4. On September 25, 2019, the Receiver brought a motion seeking various relief in anticipation of the imminent conclusion of the sale process for the Real Property and in order to address certain issues that required resolution prior to the completion of any sale. Among the relief sought was the Court's approval of the Receiver's proposed Sales Process respecting the Real Property. The September 25 Order and Endorsement of Justice Pattillo is attached as **Appendix "B"** (the **"September 25 Order"**).
5. Following completion of the approved Sales Process, on October 17, 2019, the Receiver brought a motion (the **"Sale Approval Motion"**) for, *inter alia*:
 - a) approval of an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the **"Purchaser"**) dated October 2, 2019 (the **"APS"**) and an order authorizing and directing the Receiver to enter into and carry out the terms of the transaction contemplated therein (the **"Transaction"**); and
 - b) addressing the treatment of, and establishing a protocol for the removal from the premises of, certain property (the **"Personal Property"**) identified as being owned by either Mr. Terrelonge or by companies under Mr. Terrelonge's control.

A copy of the Receiver's second report to the Court dated October 10, 2019 (the **"Second Report"**) is attached hereto without appendices, as **Appendix "C"**.

-
6. On October 17, 2019, the Sale Approval Motion was adjourned by the Honourable Justice Hainey to November 1, 2019, for the reason that counsel for 250 was not able to attend on the October 17, 2019 hearing date.
 7. On November 1, 2019, the Sale Approval Motion was heard by the Honourable Justice Pattillo. 250 opposed approval of the sale of the Real Property, but did not oppose any of the other relief sought by the Receiver. After hearing the arguments of counsel and considering the evidence filed, Justice Pattillo granted:
 - a) an Approval and Vesting Order approving the APS, authorizing the Receiver to complete the Transaction and, upon the completion of the Transaction and the issuance of a Receiver's Certificate, vesting title in and to the Purchased Assets in the Purchaser (the "**Approval and Vesting Order**"); and
 - b) an Order (the "**November 1 Order**"), *inter alia*, approving the proposed treatment of the Personal Property remaining at the premises and establishing a protocol and deadline of November 15, 2019 (the "**Removal Deadline**") for the removal of same.

Copies of the Approval and Vesting Order and Endorsement of Justice Pattillo are attached hereto as **Appendix "D"**. A copy of the November 1 Order is attached hereto as Appendix "**E**".

II. PURPOSE OF THIS REPORT

8. This Report is filed in response to the motion record of Hasson Pereira (the "**Pereira Motion**");

-
- a) in order to provide the Court with what the Receiver believes to be the relevant procedural background and facts relating to the relief sought on the Pereira Motion; and
 - b) in support of the Receiver's request that the Pereira Motion be dismissed with costs.

III. TERMS OF REFERENCE

- 9. In preparing this report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the "Information"). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

IV. STATUS OF THE SALE OF THE REAL PROPERTY

- 10. It is presently anticipated that the Transaction will close on December 9, 2019.

V. REMOVAL OF PERSONAL PROPERTY

- 11. The November 1 Order directed that the Personal Property was to be removed from the Real Property by Mr. Terrelonge prior to 5:00 PM on November 15, 2019 (the "Removal Deadline").

12. At the request of Mr. Terrelonge/250, the Removal Deadline was extended from 5:00 PM on November 15, 2019 to 5:00 PM on November 22, 2019, and then further extended to 5:00 PM on November 26, 2019.

13. As of the expiry of the extended Removal Deadline, nearly all Personal Property had been removed from the premises by Mr. Terrelonge's agents. Counsel for Mr. Terrelonge/250 has, however, identified three additional fixtures which Mr. Terrelonge wishes to recover, but which were not removed from the premises prior to the expiry of the extended Removal Deadline. These consist of:

- a) a floating kitchen island which is bolted to the concrete foundation of the building; and
- b) two installed bathtubs.

14. Should a request be made by 250 to attend at the Real Property for the purpose of removing these items, the Receiver has indicated to counsel for 250/Mr. Terrelonge that the Receiver will consider such request if and when made. To date, no such request has been made.

VI. SECURED CREDITORS

15. The following is a list of the secured creditors having registrations against 250 in either the Personal Property Security Registration System ("PPSA") or against title to the Property as shown on the parcel register for the Real Property ("PIN") as of November 29, 2019:

Name of Registrant	Registered Charge	PPSA	PIN
First Source Financial Management Inc.	\$3,500,000	√	√
Zaherali Visram ("Mr. Visram")	\$1,375,750		√
Olympia Trust Company, Computershare Trust Company and Ed Gilmore ("Third Mortgage")	\$3,583,500	√	√
1586091 Ontario Limited o/a rhed ("RHED")		√	

Copies of the PPSA search and the PIN search are attached hereto as **Appendices "F" and "G"**, respectively.

16. The Receiver has received from First Source an Account Closing Statement current to December 12, 2019 (the "**First Source Statement**"). According to the First Source Statement, the amount owing by the Debtor to First Source and required to discharge the first mortgage will be, as of December 12, 2019, \$4,609,990.68, including the \$50,000 advance, plus interest and fees on the advance for which Receiver Certificate No. 1 was issued.

VII. INTERIM DISTRIBUTION

17. The Receiver has scheduled and served a motion returnable on December 13, 2019 seeking authorization to make an interim distribution to First Source from the net proceeds of sale realized following the sale of the Real Property. It is understood by the Receiver that certain interested parties intend to dispute amounts claimed as owing by First Source, which matter is intended to be addressed at first instance on the December 13, 2019 motion date.

VIII. THE PEREIRA MOTION

18. Hasson Pereira ("**Pereira**") is the sole officer and director of Sans Souci Mortgage Corporation ("**Sans Souci**"), a Canada Corporation incorporated in 2013 with a registered office located at 7941 Jane Street, Vaughan, Ontario. Attached as **Appendix "H"** is a copy of the Corporate Profile Report for Sans Souci.
19. Based upon the materials filed by Mr. Pereira, Sans Souci appears to have raised funds from numerous individuals who invested in the Third Mortgage registered on title to the Real Property. Mr. Pereira's Affidavit suggests that the typical investment made by an individual investor was under \$40,000, drawn from a registered retirement savings plan.
20. On October 19, 2019, the initial return date of the Sale Approval Motion, Mr. Pereira was present in Court. Mr. Pereira, at that time, identified himself to the Receiver and the Receiver's counsel as being "with the mortgage broker" who had raised funds in connection with the Third Mortgage. Prior to October 19, 2019, Mr. Pereira and Sans Souci's relationship to these proceedings, or to any of the interested parties, was unknown to the Receiver.
21. As referenced above, on October 19, 2019, the Sale Approval Motion was adjourned to November 1, 2019 for reasons unrelated to Mr. Pereira. Mr. Pereira was advised in Court by counsel for the Receiver of the rescheduled date for the Sale Approval Motion.
22. On November 1, 2019, the relief sought by the Receiver, including the approval of the proposed sale and approval of the protocol and timelines within which the

Attached as **Appendix "J"** is a copy of the email of J. Richard Forget dated November 19, 2019.

27. On November 20, 2019, counsel for Mr. Pereira served counsel for First Source and counsel for the Receiver with the Motion Record of Mr. Pereira in relation to the Pereira Motion. On the basis of the service list specified in the Motion Record, it does not appear that any other parties were served.

28. The Motion Record served appears to suggest that the intention of Mr. Pereira is to seek to address the substantive relief sought in, as opposed to the scheduling of, the Pereira Motion on December 5, 2019 in chambers.

IX. RELIEF SOUGHT ON THE PEREIRA MOTION

29. The Pereira Motion requests that the following relief be granted:

- a) "an Order to stay the vesting order dated November 1, 2019";
- b) "Relief from forfeiture and penalties"; and
- c) "an order not to remove chattels until the motion is heard".

30. Counsel for the Receiver contacted counsel for Mr. Pereira on November 20, 2019 to address some of the Receiver's concerns with respect to the relief sought on the Pereira Motion. Not least among these concerns was the fact that Mr. Pereira appeared to be a person with no actual interest in the proceedings, or in any property subject to the receivership order. Attached as **Appendix "K"** is a copy of email correspondence sent by counsel to the Receiver on November 20, 2019.

31. Counsel for Mr. Pereira responded by delivering a series of freshly-executed documents to support Mr. Pereira's authorization to represent the interests of

certain of the investors under the Third Mortgage. Attached to the documents provided is an email from Mr. Terrelonge to Mr. Pereira and others directing Mr. Gilmore and Mr. Pereira to circulate to Third Mortgage investors a template authorization for investors to return signed. Attached as **Appendix "L"** is a copy of the email dated November 21, 2019 from J. Richard Forget.

32. Mr. Pereira has filed an Affidavit In support of the relief sought on the Pereira Motion. Mr. Pereira's Affidavit states, in summary:

- a) that Mr. Pereira, "the investors" and the Sans Souci Mortgage Corporation were not notified of "the proceedings";
- b) "The Sans Souci Mortgage Corporation is able to raise the funds to pay First Source within fourteen days"; and
- c) that Mr. Pereira is of the opinion that the payout statement issued by First Source in connection with its mortgage requires adjudication by the Court.

33. In response to the relief sought on the Pereira Motion and those assertions made in Mr. Pereira's Affidavit filed in support thereof, the Receiver notes the following:

- a) all parties with a registered security interest in the assets of 250 or an interest registered on title to the Real Property were served. Attached as **Appendix "M"** is a copy of the Affidavit of Service in respect of the Sale Approval Motion;
- b) Mr. Pereira was physically present for the both the original October 19, 2019 return date for the Sale Approval Motion and the rescheduled return date of November 1, 2019, notwithstanding his suggestion that he did not receive any notification of same;

-
- c) although present, Mr. Pereira took no position on the Sale Approval Motion;
- d) in his Honour's Endorsement of November 1, 2019, Justice Pattillo specifically stated, in response to 250's claims to have funding available in an amount sufficient to fully repay the indebtedness secured by the First

Source mortgage:

Even if evidence supporting the respondent's submissions was before me, I would not interfere with the sale. Given the receivership order together with the approval of the Sales Process which has been followed, a mortgagor has no right to redeem: See: *B+M Handelman Investments Ltd. v. Moss Properties Inc.* [2009] O.J. No. 3044 (S.C.J.) at paras 21-22; *Business Development Bank of Canada v. Marlwood Golf and Country Club Inc.* [2015] O.J. No. 3283 (S.C.J.) at para 25;

- e) neither the Approval and Vesting Order nor November 1 Order were appealed;
- f) the issue of the amounts claimed by First Source in connection with its mortgage will be before the Court on December 13, 2019. No order for an adjudication of the issue is necessary;
- g) with respect Mr. Pereira's request for an Order "not to remove chattels":
- i) the protocol for the treatment of any Personal Property remaining at the premises was previously addressed and determined on the Sale Approval Motion;
 - ii) Mr. Terrelonge and Mr. Pereira were both present at the return of the Sale Approval Motion and did not oppose the relief sought in

connection with the Personal Property protocol as set out in the November 1 Order;

iii) pursuant to the terms of the November 1 Order, any property remaining at the premises after the expiry of the Removal Deadline is deemed to be an "Abandoned Item" which the Receiver has been authorized to dispose of; and

iv) the chattels have already been removed from the premises by Mr. Terrelonge.

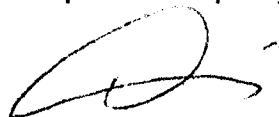
X. CONCLUSION

34. The Receiver is of the view that the Pereira Motion should be dismissed with costs.

All of which is respectfully submitted to this Court as of this 4th day of December, 2019.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
581 Wellington Street West, Toronto, Ontario
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

TAB K

COUNSEL SLIP

COURT FILE NO.: CV-19-613044-00CL

DATE: 06-DEC-2019

NO. ON LIST ADD ON

TITLE OF PROCEEDING FIRST SOURCE FINANCIAL MANAGEMENT INC. v. 2507448 ONTARIO INC.

COUNSEL FOR:

PLAINTIFF(S) Jeffrey Lenny
 APPLICANT(S) for First Source
 PETITIONER(S)

PHONE: 416 646 4330
FAX 416 646 4301
EMAIL jeff.lenny@palicoreland.com

COUNSEL FOR:

DEFENDANT(S) Stewart D. Thom
 RESPONDENT(S) for RSM (Receiver)

PHONE 416-777-5197
FAX 416-863-0305
EMAIL sthom@torclairmanes.com

JUDICIAL NOTES:

3 MORTGAGE INVESTORS
J Richard Furset
410 Gerrard St E.
1010 Toronto M5B 2E8
416 668 5655
JR Furset@iive.ca

MAJA MILOSEVIC
COUNSEL -- RESP.
416. 591. 2222
416. 591. 2221
maja@corestone.ca

December 6, 2019

This is a motion by the individual investors for an order staying my vesting order of Nov 1, 2019; for relief from forfeiture and to not remove chattels until the motion is heard. On Nov 1, 2019 I granted an order approving the sale of the property at 581 Wellington Street West, Toronto in the receivership of the respondent 2507448 Ontario Inc. (the debtor), and providing for a vesting order. Apart from the applicant First Source's first mortgage, there is also a 2nd and 3rd mortgage on the property. The third mortgage is registered in the names of Ed Gilmore, Olympia Trust Company and Computershare Trust Company. From the outset of the receivership proceedings, including the approval motion on November 1, 2019, the third mortgages were all given notice of the proceedings.

Mr. Harrison Pereira, who filed an affidavit in support of the motion says he is part of a group of investors in the third mortgage and that neither he or the other investors received notice of the approval (over)

Motion. Yet I'm advised that Mr. Pereira was in court on November 1, 2019 although he did not sign the counselship or indicate that he wished to make submissions to the court.

In my view and as found, the third mortgagees had notice of the approval and vesting motion. Even if the individual investors didn't know about it, that is not the fault of the Receiver, it is the fault of the third mortgagees on title Gilmore Olympia Trust and Computershare for not informing them. I reject the argument that the individual investors had no notice of the motion.

ms

On the ^{approval} motion the debtor sought time to enable it to obtain financing to pay out the first mortgage. I rejected that submission for a number of reasons, including there was no evidence of financing and, in any event, given the sales process & approvals which had been followed in the receivership, the first mortgagee had no right to redeem; Business Development Bank of Canada v. Marlwood Golf & Country Club Inc., [2015] O.S. No. 3283 (S.C.J.) at para. 25.

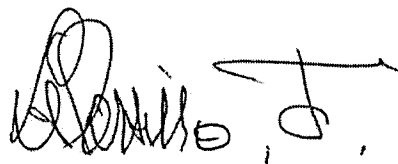
The individual investors make the same argument today. They ask for 14 days to enable them to get financing to pay out the first. As on Nov 1, 2019, the investors have provided no evidence of funding let alone an ability to raise such funding. Further, they would require a court order to redeem the first and for the reasons above (and on Nov 1, 2019), I would not grant that order.

The test for a stay is set out in RJR-MacDonald. As set out herein, I am satisfied that the investors have no claim or basis for interfering with the approved sale and vesting order. As found, they through their representatives, received notice of the proceeding and raised no objection at the time.

Nor do I find that relief from forfeiture is available to the investors in all the circumstances. There is no basis to overturn or set aside my Nov 1, 2019 Approval and Vesting Order, either under rule 37.14 or s. 187(5) of the BIA. The Chaffels have been resolved.

The sale of the property is scheduled for Monday Dec 9, 2019 and it should proceed. The motion is dismissed.

In the circumstances, the Receiver is entitled to its costs of the motion against Mr. Pereira. In my view, based on the Cost Outline and submissions of counsel, partial indemnity costs of \$5,000.00 in total is fair and reasonable. Payable by Mr. Pereira forthwith.



TAB L

Court File No. CV-19-00613044CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)
JUSTICE T. McGLUON)

FRIDAY, THE 13th DAY
OF DECEMBER, 2019

BETWEEN:

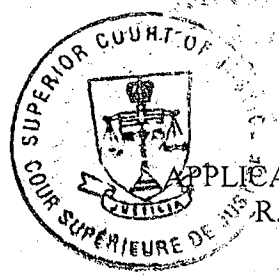
FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent



APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

ORDER

THIS MOTION, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the "Receiver") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "Property") owned by 2507448 Ontario Inc. ("250") for an order, *inter alia*, authorizing the Receiver to distribute proceeds realized upon the closing of a sale transaction (the "Sale") contemplated by an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the "Purchaser") made as of October 2, 2019, as amended, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver dated December 3, 2019, the Supplemental Report to the Third Report dated December 12, 2019 and on hearing the submissions of the lawyer for the Receiver, the lawyer for the Applicant and the lawyer for certain investors claiming to have an interest in a mortgage registered on title to the Property,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record filed on this Motion is hereby abridged, service is validated and that further service thereof is hereby dispensed with such that this Motion is properly returnable today.
2. **THIS COURT ORDERS AND DECLARES** that the Third Report and the Supplemental Report to the Third Report are approved and the conduct and activities of the Receiver as set out therein are approved.
3. **THIS COURT ORDERS** that the Receiver is authorized to pay to First Source Financial Management Inc. the amount of \$3,937,000, which amount shall be the Interim Distribution (as defined in the Third Report).
4. **THIS COURT ORDERS** that the Receiver is authorized to pay the Receiver Certificate Advance and the Receiver's Expenses (both as defined in the Third Report) from funds received in connection with the Sale of the Property.
5. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from October 1, 2019 to October 31, 2019 as set out in the Third Report be and are hereby approved.
6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's counsel for the period from October 1, 2019 to October 31, 2019 as set out in the Third Report be and are hereby approved.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

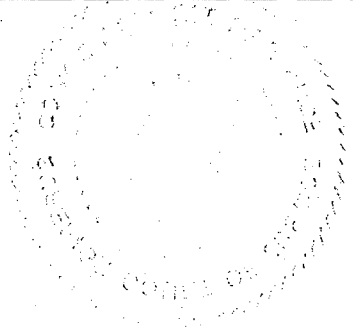
DEC 13 2019

PER / PAR: V5

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

TORKIN MANES LLP
Barristers & Solicitors
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Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 59A (July 1, 2007)



COUNSEL SLIP

COURT FILE NO. CV-19-00613044-00CL

DATE: DEC 13 / 2019

No. ON LIST (7)

TITLE OF PROCEEDING

FIRST SOURCE FINANCIAL V. 2507448 ONTARIO INC.

COUNSEL FOR: Stewart d. Thom
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Applicant (s)
Petitioner (s)

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COUNSEL FOR:
Defendant (s)
Respondent (s)

Phone & Fax No

3rd MORTGAGE (S) INVESTOR(S):

J. Richard Forset
416 669 5699 JRFORGET@live.ca

Del Ferrelonze per 2507448 Ontario Inc. 647-628-0763
(counsel not in attendance attending another hearing) derhed-22.com

13 Dec 19

order to go on unopposed basis
as per draft Order & signed. The
pay out in para #3 is sensible. Fees/dot.
Sought are fair & reasonable.
Counsel will contact C.L. office
to set up a date for the hearing re:
contested issues.

McE...

TAB M

ACCOUNT CLOSING STATEMENT

FIRST SOURCE
FINANCIAL MANAGEMENT INC.

BORROWER
(Wellington St. W., Toronto) 2507448 Ontario Inc.
581 Wellington Street W
Toronto ON M5V 1G3

ACCOUNT NO. 1258.18.01
STATEMENT CLOSING DATE 12/12/2019
STATEMENT SUMMARY
Payoff Amount \$4,609,990.68
Payoff Due Date 12/13/2019
After 12/13/2019, please pay an additional \$2,077.45 per day. This notice expires on 12/23/2019, at which time you are instructed to contact this office for additional instructions.
Interest Rate 18.0000%
Daily Periodic Rate 0.0500000%
Property: 581 Wellington Street W Toronto ON M5V 1G3

Funds may be tendered any time up to 1:00 pm December 13, 2019 based on the existing statement. If funds are tendered after 1:00 pm, December 13, 2019 please add additional per diem to NEXT business day. Subject to adjustments to legal fees, disbursements, charges, etc. E. & O.E.

ACCOUNT ACTIVITY

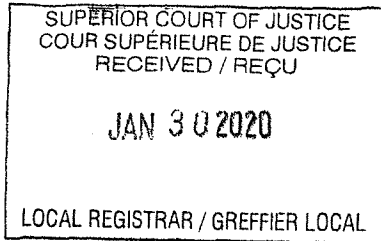
Date	Reference	Description	Charges	Credits	Balance
12/1/2018		Balance Forward			\$ 3,607,790.53
12/3/2018		Sched A 6a) December 2018 Late Charge	\$350.00		\$ 3,608,140.53
12/31/2018		December 2018 Interest	\$27,047.93		\$ 3,635,188.46
1/3/2019		Sched A 6a) January 2019 Late Charge	\$350.00		\$ 3,635,538.46
1/31/2019		January 2019 Interest	\$27,250.79		\$ 3,662,789.25
2/3/2019		Sched A 6a) February 2019 Late Charge	\$350.00		\$ 3,663,139.25
2/28/2019		February 2019 Interest	\$27,455.17		\$ 3,690,594.42
3/3/2019		Sched A 6a) March 2019 Late Charge	\$350.00		\$ 3,690,944.42
3/31/2019		March 2019 Interest	\$27,661.08		\$ 3,718,605.50
4/3/2019		Sched A 6a) April 2019 Late Charge	\$350.00		\$ 3,718,955.50
4/30/2019		April 2019 Interest	\$27,868.54		\$ 3,746,824.04
5/2/2019	INT BONUS	Adjustment (as per Sched A #16)	\$78,750.00		\$ 3,825,574.04
5/3/2019		Sched A 6a) May 2019 Late Charge	\$350.00		\$ 3,825,924.04
5/31/2019		May 2019 Interest	\$56,155.11		\$ 3,882,079.15
6/3/2019		Sched A 6a) June 2019 Late Charge	\$350.00		\$ 3,882,429.15
6/30/2019		June 2019 Interest	\$56,997.44		\$ 3,939,426.59
7/3/2019		Sched A 6a) July 2019 Late Charge	\$350.00		\$ 3,939,776.59
7/31/2019		July 2019 Interest	\$57,852.40		\$ 3,997,628.99
8/3/2019		Sched A 6a) August 2019 Late Charge	\$350.00		\$ 3,997,978.99
8/31/2019		August 2019 Interest	\$58,720.18		\$ 4,056,699.17
9/3/2019		Sched A 6a) September 2019 Late Charge	\$350.00		\$ 4,057,049.17
9/30/2019		September 2019 Interest	\$59,600.99		\$ 4,116,650.16
10/3/2019		Sched A 6a) October 2019 Late Charge	\$350.00		\$ 4,117,000.16
10/31/2019		October 2019 Interest	\$60,495.00		\$ 4,177,495.16
11/3/2019		Sched A 6a) November 2019 Late Charge	\$350.00		\$ 4,177,845.16
11/30/2019		November 2019 Interest	\$61,402.43		\$ 4,239,247.59
12/1/2019		Sched A 19) Management Cost - Default \$15K/month (Nov'18 - Nov'19)	\$195,000.00		\$ 4,434,247.59
12/3/2019		Sched A 6a) December 2019 Late Charge	\$350.00		\$ 4,434,597.59
12/12/2019		December 2019 Interest	\$24,929.39		\$ 4,459,526.98
12/12/2019		Legal Fees - Schneider Ruggiero	\$6,182.50		\$ 4,465,709.48
12/12/2019		Legal Fees - Paliare Roland - Re:Default	\$54,284.98		\$ 4,519,994.46
12/12/2019		Sched A 19) Management Cost - Default \$15K/month (Dec1-12/19)	\$6,000.00		\$ 4,525,994.46
12/12/2019		ProInCon Inv#17563 - reimburse FS	\$169.50		\$ 4,526,163.96
12/12/2019		Sched A 6k) Notice of Default	\$350.00		\$ 4,526,513.96
12/12/2019		NSF Payment Charge (Jun 27/19)	\$350.00		\$ 4,526,863.96
12/12/2019		Sched A 6k) Request for 4th Discharge Statement	\$350.00		\$ 4,527,213.96
12/12/2019		Sched A 6d) Failure to provide insurance renewal after requested	\$350.00		\$ 4,527,563.96
12/12/2019		Sched A 6k) Request for 5th Discharge Statement	\$350.00		\$ 4,527,913.96
12/12/2019		Sched A 6j) Mortgage Statement June 18/18 (2x)	\$700.00		\$ 4,528,613.96
12/12/2019		Sched A 6k) Request for 1st & 2nd Discharge Statement	\$700.00		\$ 4,529,313.96
12/12/2019		Sched A 6k) Request for 3rd Discharge Statement	\$350.00		\$ 4,529,663.96
12/12/2019		Sched A 6d): Failure to provide insurance renewal (April & Oct.18.Jan.19)	\$1,050.00		\$ 4,530,713.96
12/12/2019		Sched A 19) Default Management \$350/hr (Reduced to 40hrs)	\$14,000.00		\$ 4,544,713.96
12/12/2019		Sched A 6n) Each 3 phone calls/emails due to issues of the loan	\$11,550.00		\$ 4,556,263.96
12/12/2019		Sched A 6c) Failure to provide proof of property taxes after requested	\$350.00		\$ 4,556,613.96
12/12/2019		Receiver Certificate Fee @ 2% of \$50,000 (Payable to FS)	\$1,000.00		\$ 4,557,613.96
12/12/2019		Receiver Certificate (Payable to FS)	\$50,000.00		\$ 4,607,613.96
12/12/2019		Interest Charge on Receiver Certificate of \$50,000 @ 9% (Jun 7/19 - Dec 12/19)	\$2,330.14		\$ 4,609,944.10
12/12/2019		Late Interest on Receiver Certificate	\$46.58		\$ 4,609,990.68
			<u>\$1,002,200.15</u>	<u>\$0.00</u>	

INTEREST CHARGE SUMMARY

Balance Date	Daily Balance	Days	Daily Periodic Rate	Interest Rate	Interest Charge
12/1/2018	\$3,606,390.53	30	0.025000%	9.000%	\$27,047.93
1/1/2019	\$3,633,438.46	30	0.025000%	9.000%	\$27,250.79
2/1/2019	\$3,660,689.25	30	0.025000%	9.000%	\$27,455.17
3/1/2019	\$3,688,144.42	30	0.025000%	9.000%	\$27,661.08
4/1/2019	\$3,715,805.50	30	0.025000%	9.000%	\$27,868.54
5/1/2019	\$3,743,674.04	30	0.050000%	18.000%	\$56,155.11
6/1/2019	\$3,799,829.15	30	0.050000%	18.000%	\$56,997.44
7/1/2019	\$3,856,826.59	30	0.050000%	18.000%	\$57,852.40
8/1/2019	\$3,914,678.99	30	0.050000%	18.000%	\$58,720.18
9/1/2019	\$3,973,399.17	30	0.050000%	18.000%	\$59,600.99
10/1/2019	\$4,033,000.16	30	0.050000%	18.000%	\$60,495.00
11/1/2019	\$4,093,495.16	30	0.050000%	18.000%	\$61,402.43
12/1/2019	\$4,154,897.59	12	0.050000%	18.000%	\$24,929.39
		<u>372</u>			<u>\$573,436.45</u>

Note: Daily balances exclude reserve balances, impound balances, late charges.

TAB N



Court File No. CV-19-00613044CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
 R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
 R.S.O. 1990, c. C.43

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Amended Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the "**Court**") dated April 8, 2019, RSM Canada Limited was appointed as the receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario, including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated November 1, 2019 (the "Vesting Order"), the Court approved the agreement of purchase and sale made as of October 2, 2019 (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc., whereas it is intended by 2562051 Ontario Inc. that title to the Purchased Assets be taken in the name of 2726960 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

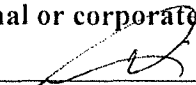
C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement or the Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Date of Closing pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and

4. This Certificate was delivered by the Receiver at 2:56 [TIME] on January 30 2020 [DATE].

RSM Canada Limited, solely in its capacity as Court-appointed Receiver of 581 Wellington Street West, Toronto, Ontario and not in its personal or corporate capacity and without personal or corporate liability

Per: 

Name: Daniel Weisz

Title: Senior Vice President

I have the authority to bind the corporation

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

RECEIVER'S CERTIFICATE

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

TAB O

Stewart Thom

From: Stewart Thom
Sent: January 31, 2020 2:56 PM
To: Maja Milosevic
Subject: RE: 581 Wellington - Closing

The sale closed yesterday and funds have been received.

You will recall that on our last appearance the parties came to terms of consent on those amounts claimed by FS which were not disputed and those which were, with the disputed amounts being held back from distribution to be addressed at a later date. Interest on outstanding principal was claimed by FS at a rate of 18%, a portion of which was disputed by Mr. Forget. In the end result, it was agreed by the objecting parties that interest on outstanding principal at a rate of 9% was not disputed by any party and interest at that rate was included in the calculation of the amount the parties agreed could be released to FS on closing.

The number used for the purposes of the interim distribution Order, however, only included interest calculated at 9% up to December 19, 2019, which was the anticipated date of closing at the time the Order was granted. As closing unexpectedly did not take place until January 30, 2020, interest has continued to accrue on the outstanding balance, obviously. FS has requested that additional interest, at the 9% rate which is not disputed, which has accrued from December 19, 2019 to January 30, 2020 be released to it, in addition to those amounts specifically authorized by the Order (which, as indicated, only included interest at 9% to December 19, 2019).

I don't imagine that there would be any objection to this as the parties have all acknowledged that FS is entitled to interest at at least 9% on the outstanding principal. Absent any objection, the Receiver is prepared to release this additional interest to FS, which would be over and above the figure distribution amount specifically authorized in the Order to the tune of an additional \$35,236.95.

Please advise if your client has any objection to the receiver doing so. I would expect that this should not be a controversial issue, as it is consistent with what was already agreed.

Thanks

Stewart Thom
Tel: 416-777-5197
Fax: 1-877-689-3872

Torkin Manes LLP
Barristers & Solicitors

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From: Maja Milosevic <maja@corestone.ca>
Sent: January 31, 2020 1:56 PM
To: Stewart Thom <sthom@torkinmanes.com>
Subject: 581 Wellington - Closing

This email was sent by an external sender.

Hi Stewart,

170

Can you send me a quick note once the closing takes place and the funds are received? I will be meeting with my client early Monday morning to discuss this and would like to give him an update.

Thanks.

Sent from mobile device. Please excuse any errors or omissions.

Stewart Thom

From: Joseph Richard Forget <jrforget@live.ca>
Sent: January 31, 2020 4:27 PM
To: Stewart Thom
Subject: Re: Wellington Property

This email was sent by an external sender.

correct, Richard

From: Stewart Thom <sthom@torkinmanes.com>
Sent: January 31, 2020 4:07 PM
To: Joseph Richard Forget <jrforget@live.ca> (jrforget@live.ca) <jrforget@live.ca>
Cc: Daniel Weisz (Daniel.Weisz@rsmcanada.com) <Daniel.Weisz@rsmcanada.com>
Subject: Wellington Property

Richard,

Just to recap our discussion, the sale of the property closed yesterday and the Receiver is in receipt of closing funds.

As discussed, the number used for the purposes of calculating the non-disputed amount of the FS mortgage claim and which was used for the purposes of the interim distribution Order, only included interest calculated at 9% (i.e. the non-disputed portion of interest) up to December 19, 2019, which was at that time the anticipated date of closing. As closing unexpectedly did not take place until January 30, 2020, interest has continue to accrue on the outstanding balance, obviously. FS has requested that additional interest, at the non-disputed 9% rate from December 19, 2019 to January 30, 2020 be released to it (which amount will be over-and-above the amount specifically authorized by the Order that, as indicated, only included interest at 9% to December 19, 2019).

I confirm that you have no objection to the release of the additional interest (as above) to FS, which has been calculated to be equal to \$35,236.95. Absent any objection from any other party the Receiver intends to release these funds.

Thanks and have a good weekend,

Stewart Thom
Tel: 416-777-5197
Fax: 1-877-689-3872
sthom@torkinmanes.com
VCard

Torkin Manes LLP
Barristers & Solicitors

Named Canada's Regional Law Firm of the Year by Chambers and Partners
Ranked the #1 Ontario Regional Law Firm by Canadian Lawyer

151 Yonge Street, Suite 1500
Toronto ON M5C 2W7
torkinmanes.com

From: Stewart Thom
Sent: February 3, 2020 10:22 AM
To: 'maja@corestone.ca'; Tristar (tristar@sympatico.ca)
Cc: Daniel Weisz (Daniel.Weisz@rsmcanada.com); Brenda Wong (Brenda.Wong@rsmcanada.com); Jeff.Larry@paliaroland.com
Subject: Sale of 581 Wellington St. West Property - Interim Distribution to First Source Financial Management Inc.

All,

Further to recent discussions, the sale of the Wellington Street property has now closed and the Receiver is in funds. In accordance with the terms of the December 13, 2019 Order of Justice McEwen (the "**Order**"), the amount of \$3,937,000 (the "**Interim Distribution Amount**") has been released to First Source Financial Management Inc. ("**First Source**") in partial repayment of amounts owing pursuant to its first charge on the property. The amount of the Interim Distribution to be released to First Source was at issue before the court on December 13, 2019 as certain parties, namely the former property owner and a group of investors under the third mortgage registered on title (the "**Investor Group**"), raised concerns with respect to some of the amounts claimed as owing to First Source pursuant to its mortgage discharge statement.

At the December 13, 2019 motion, it was agreed between all parties taking a position that any non-disputed amounts claimed under the First Source mortgage could be released on closing to First Source, with the balance of First Source's claims being adjourned to be addressed on a later date. The calculation of the non-disputed claims of First Source used for the purpose of the Order included all principal outstanding claimed by First Source together with interest thereon at 9% calculated to December 19, 2019, which at the time of the December 13, 2019 motion was the intended date of the closing of the sale of the Property. The closing of the sale of the property, however, did not occur on December 19, 2019, but was extended to January 30, 2020 at the request of the purchaser.

Given the above and the consent of the interested parties on December 13, 2019 to the release to First Source of any non-disputed claims under the First Source mortgage, the Receiver is of the view that interest on the non-disputed portion of the First Source claim at the non-disputed rate of 9% from December 19, 2019 to January 30, 2019 (the "**Additional Interest**") should at this time be released to First Source in addition to the Interim Distribution Amount specifically authorized by the December 13, 2019 Order. The Receiver is of the view that the release of the Additional Interest is consistent with what was consented to previously and simply accounts for the additional interest accrued as a result of the extended closing date, which at the time of the Order was not contemplated.

At the return of the December 13, 2019 motion, it was the Investor Group who had initially objected to the release of interest claimed by First Source, and ultimately consented to the release of interest on the principal amount of the mortgage calculated at the rate of 9%. The Receiver has consulted with the Investor Group's counsel, Mr. Forget, and has confirmed that there is no objection to the release of the Additional Interest to First Source as described above, which is calculated as being equal to \$35,236.95.

As such, the Receiver intends to proceed with the release of the Additional Interest to First Source. Please advise should you have any concerns about the Receiver doing so. Given the parties' positions at the return of the December 13, 2019 motion, the Receiver does not anticipate any objections to the release of the Additional Interest but, for the sake of clarity as to the basis for the release of these funds, the Receiver considers it appropriate to advise the interested parties of the intended course of action and provide an opportunity to articulate any concerns, should any exist.

If you have any such concerns or wish to discuss, please reply to me today as the Receiver intends to proceed to release the Additional Interest tomorrow, February 4, 2020.

173

Yours truly,

Stewart Thom

Tel: 416-777-5197

Fax: 1-877-689-3872

sthom@torkinmanes.com

[VCard](#)

Torkin Manes LLP

Barristers & Solicitors

Named Canada's Regional Law Firm of the Year by Chambers and Partners

Ranked the #1 Ontario Regional Law Firm by Canadian Lawyer

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Toronto ON M5C 2W7

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TAB P

RSM Canada Limited
Court Appointed Receiver of
581 Wellington Street West, Toronto, Ontario
Interim Statement of Receipts and Disbursements
For the period May 3, 2019 to February 19, 2020

Receipts	
Advance from secured lender (1)	\$ 50,000
Sale of property (2)	6,124,000
Other	2,411
Total receipts	\$ <u>6,176,411</u>
Disbursements	
Commission on sale of property	\$ 181,500
Insurance	16,650
Legal fees (to January 31, 2020)	148,862
Miscellaneous	359
Property manager services	2,397
Property taxes	78,283
Receiver's fees (to January 31, 2020)	117,277
Repayment of advance (1)	53,947
Repairs and maintenance	6,350
Security	9,814
Snow clearing	2,115
Utilities	2,395
Waste removal	1,580
HST/PST paid	62,338
Total disbursements	\$ <u>683,867</u>
Excess of Receipts over Disbursements	\$ 5,492,544
Less: Payments to Secured Creditors	
Interim distributions to First Source Financial Management Inc.	(3,972,237)
Net funds on hand	\$ <u><u>1,520,307</u></u>

- (1) The amount of \$50,000 represents funds advanced by First Source Financial Management Inc. ("First Source") under Receiver Certificate No. 1. The advance, accrued interest and receiver certificate fee were repaid upon the closing of the sale of the property.
- (2) This amount includes payments made by the purchaser of the property to cover additional costs incurred by the Receiver arising from the extension of the closing date and the purchaser's request for an amendment to the Approval and Vesting Order.

This Appendix forms part of the Fifth Report of the Receiver dated February 26, 2020 and should only be read in conjunction therewith.

TAB Q

Wellington Balance Outstanding as at March 10, 2020

Description	Unpaid Balance
Sched A 2k) Notice of Default	\$350.00
Sched A. 15) Management Cost - Default \$15K/mth (Nov'18-Jan'20)	\$225,000.00
NSF Payment Charge (Jun 27/19)	\$350.00
Legal Fee - Schneider Ruggiero	\$6,182.50
Sched A 2k) Request for 4th Discharge Statement	\$350.00
Sched. A 2k) Mortgage Statement June 18/18 (2x)	\$700.00
Sched A 2d) Failure to provide insurance renewal after requested	\$350.00
Sched A 2k) Request for 5th Discharge Statement	\$350.00
ProInCon Inv#17563 - reimburse FS	\$169.50
Sched. A 2k) Request for 3rd Discharge Statement	\$350.00
Legal Fees - Paliare Roland - Re: Default	\$61,433.60
Sched. A 2d): Failure to provide insurance renewal (April & Oct.2018.Jan 2019)	\$1,050.00
Sched A15) Default Management \$350/hr (Reduced to 40hrs)	\$14,000.00
Sched. A 2n) Each 3 phone calls/emails due to issues	\$11,550.00
Sched A. 2k): Request for 1st & 2nd Discharge Statement	\$700.00
Sched. A 2c): Failure to provide proof of property taxes after requested (Aug.2018)	\$350.00
Unpaid Late Charges	\$6,300.00
Interest Outstanding	\$333,045.85
Receiver Certificate	\$50,000.00
Receiver Certificate Fee	\$1,000.00
Interest Charge on Receiver Certificate of \$50,000 @ 9% (Jun 7/19 - Mar 10/20)	\$3,427.40
Late Interest on Receiver Certificate	\$107.04
	<u>\$717,115.89</u>

TAB R

ZAHERALI VISRAM Vs 2507448 ONTARIO INC.
2ND MORTGAGE STATEMENT 176
RE 581 WELLINGTON ST. TORONTO

SELLING PRICE MAY 9, 2016 \$ 4,100,000.

PAID ON CLOSING 1,800,000

VENDOR TAKE BACK MORTGAGE (DOCUMENTS) 2,300,000

EXTENTION FEES ON CLOSING 50,000

MORTGAGE DOCUMENTS 2,350,000

PRINCIPAL REPAYD NOV 7, 2016 109,250

MORTGAGE DOCUMENT. 2,240,750

PRINCIPAL REPAYD JAN 19, 2017 500,000

1,740,750

PRINCIPAL REPAYD APRIL 4, 2018 600,000.

1,140,750

Interest and Fees Outstanding 235,000

MORTGAGE DOCUMENT. 1,375,750

Interest outstanding upto
December 4, 2019 286,305

TOTAL OUTSTANDING AS OF DEC 4, 2019. \$ 1,662,055

Stewart Thom

From: Tristar <tristar@sympatico.ca>
Sent: February 23, 2020 11:58 AM
To: Stewart Thom; Jeff.Larry@paliareroland.com
Subject: RE: First source.xlsx

This email was sent by an external sender.

Hi Stewart,

As per your request the following is my payout statement on my 2nd Mortgage on 581 Wellington St

As of March 10th, 2020.

Amount outstanding as of Dec 4 th , 2019 (as previously informed)	\$1,662,055
Interest from Dec 4 th , 2019 to March 10 th , 2020	53,734
	<hr/>
TOTAL DUE – MARCH 10th, 2020	\$1,715,794
	=====

From: Stewart Thom [mailto:sthom@torkinmanes.com]
Sent: Friday, February 21, 2020 12:29 PM
To: Jeff.Larry@paliareroland.com
Cc: tristar@sympatico.ca
Subject: Re: First source.xlsx

Thanks,

The receivers intention is to include in its report detail as to the terms of settlement and your advice that the first and second mortgagees agree and consent to the treatment of the remaining funds to be distributed in accordance with the below.

Should there be any concerns with respect to its doing so, please let me know as soon as possible as our intention is to serve materials Monday.

Sent from my iPhone

Stewart Thom
 Tel: 416-777-5197
 Fax: 1-877-689-3872
sthom@torkinmanes.com
 VCard

Torkin Manes LLP
 Barristers & Solicitors

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On Feb 21, 2020, at 12:04 PM, "Jeff.Larry@paliarerland.com" <Jeff.Larry@paliarerland.com> wrote:

This email was sent by an external sender.

Stewart

As requested, below are the emails between me and Mr. Visram confirming the agreement that the amount of First Source's payout will be reduced by \$170,000 from the amount set out in its final discharge statement.

From: Jeff Larry
Sent: February 11, 2020 9:59 AM
To: 'Tristar' <tristar@sympatico.ca>
Subject: RE: First source.xlsx

Thank you.

To be clear, the only thing my client can control is to reduce its discharge statement by \$170,000 as agreed (and, of course, we also agree that the Receiver's certificate and interest will not be double counted. I have already made the Receiver aware of this).

The exact distribution of funds (including how much is available for the distribution) is in the hands of the Receiver.

Stuart Thom is back from vacation tomorrow. I will advise him that you and First Source have reached an agreement.

From: Tristar <tristar@sympatico.ca>
Sent: February 7, 2020 12:58 PM
To: Jeff Larry <Jeff.Larry@paliarerland.com>
Subject: First source.xlsx

Hi Jeff,

Ok, I agree to accept a discount from First Source of \$170,000.00 and as such the following

Is my understanding would be how the distribution of funds will take place as attached.

Zaherali Visram.

TAB S

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, Ontario M5C 2W7

Tel: 416-863-1188
Fax: 416-863-0305
www.torkinmanes.com

Stewart Thom
Direct Tel: 416-777-5197
Direct Fax: 1-877-689-3872
sthom@torkinmanes.com

An international
member of

AllyLaw

Torkin|Manes
Barristers & Solicitors

February 24, 2020

RSM Canada Limited
11 King St W #700
Toronto, ON
M5H 4C7

Attention: Daniel Weisz

Dear Mr. Weisz:

Re: 581 Wellington Street West, Toronto, Ontario
Zaherali Visram (the "Creditor") Second Mortgage – Security Review

You have requested that we review and provide you with our opinion as to the validity and enforceability of certain security and related documents granted or executed by 2507448 Ontario Inc. (the "**Debtor**") and the Creditor.

In forming the opinions expressed below, we have examined photocopies/printouts of the following:

- (a) Charge/Mortgage of Land in the principal amount of \$2,240,750 registered in favour of the Creditor as Instrument No. AT4393968 (the "**Mortgage**") in the principal amount of \$2,350,000.00 against title to the property municipally known as 581 Wellington Street West, Toronto, Ontario and legally described in PIN 21241-0114 (LT) (the "**Property**") on November 7, 2016; and
- (b) A Postponement, registered on title to the Property on November 24, 2016, as Instrument No. AT4410539 of the rights of Monica Goyal, bare trustee and Olympia Trust Company under to a Charge registered on title to the property as Instrument No. AT4392140 (the "**Third Charge**") to the rights of the Creditor under to the Mortgage;
- (c) A Notice registered on title to the Property as Instrument No. AT4464937 on January 19, 2017, being a Mortgage Amending Agreement dated December 21, 2016;

- (d) A Notice registered on title to the Property as Instrument No. AT4513211 on March 16, 2017, being a Mortgage Amending Agreement dated March 1, 2017;
 - (d) A Charge registered on title to the Property on as Instrument No. 4834357 on April 4, 2018 (the “**First Source Charge**”) and a Postponement registered on title to the Property as Instrument No. AT4834365 on April 4, 2018 postponing the rights of the Creditor pursuant to the Mortgage to the rights under the First Source Charge ;
 - (e) A Notice registered on title to the Property as Instrument No. AT4835341 on April 5, 2018, being a mortgage Amendment Agreement dated March 16, 2018;
- (Collectively, the “**Security Documents**”).

SEARCHES

We have reviewed the following searches (collectively, the “**Searches**”) in connection with the preparation of this opinion:

Corporation Profile Reports

Corporation Profile Report for the Debtor dated November 21, 2018 which confirmed that the Debtor was formed by incorporation under the *Business Corporations Act* (Ontario) on March 3, 2016 and was an active corporation throughout the timeframe material to this security opinion.

Real Property Searches

Parcel register for the real property municipally known as 581 Wellington Street West, Toronto, Ontario, being legally described as PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS 1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF TORONTO and having PIN 21241-0114 (LT) (being the Property), prepared on February 24, 2020, and all Instruments registered on title thereto as referenced herein, and which confirms the above referenced documents as registered on title to the Property.

QUALIFICATIONS

1. We have assumed that all documents were executed on the date indicated therein;
2. We have assumed the genuineness of all signatures and the legal capacity of the Debtor and the conformity to the original documents of all documents submitted to us as photocopies or telefaxed copies;

3. We have assumed the accuracy and currency of the indices and filing systems maintained at the public offices where we have searched or inquired or have caused such Searches or inquiries to be conducted and that all instruments and registrations were authorized by, performed by or consented to by those parties thereon indicated or whose interests were directly affected through same;
4. We have assumed that the Debtor has no legal defences against the Creditor for, without limitation, absence of legal capacity, fraud by or to the knowledge of the Creditor, misrepresentation, undue influence or duress or any other defences based on doctrines of equity or equitable subordination;
5. We have assumed that all Security Documents were delivered by the Debtor as security for the obligations of the Debtor to the Creditor;
6. We have assumed that monies were in fact advanced in the amounts as reflected by the Security Documents, or that value was given by the Creditor to the Debtor and that monies are in fact owing by the Debtor to the Creditor as of the date hereof. We offer no opinion as to the quantum of indebtedness owing by the Debtor to the Creditor;
7. We express no opinion as to title of the Debtor to any of the collateral whatsoever;
8. The enforcement of the security by the Creditor or any judgment arising out of or in connection therewith, and the priority of any rights thereunder, may be limited by any laws of general application affecting the Creditor's rights from time to time in effect, and general principles of equity including the equitable or statutory powers of the courts of Ontario and Canada to stay proceedings, stay the execution of judgment and grant relief against forfeiture;
9. We offer this opinion only in relation to the validity of the Creditor's Security held in respect of the real property defined herein as the Property and not in respect of any other property owned by the Debtor in this or in any other jurisdiction;
10. This opinion is confined to statements of fact or matters set forth herein as existing as at the date of this opinion.

OPINION

This opinion is confined to statements of fact or matters set forth herein as existing as at the date of this opinion.

Based upon and subject to the foregoing, we are of the opinion that:

- (a) The Mortgage was validly registered against title to the Property and based solely on the printouts of the Security Documents and an examination the Parcel Register in respect of the Property and those other Instruments registered on title

as referenced herein, it appears, subject to the qualifications set out herein, that the Mortgage is subordinate to the First Source Charge and ranks second in priority among registered encumbrances against title to the Property by date of registration;

- (b) The Mortgage, as amended, and Security Documents constitute valid and binding obligations of the Debtor in favour of the Creditor and are enforceable in accordance with their terms.

The opinions expressed herein are provided solely for the benefit of the party to whom it is delivered and may not be relied upon or used by any other person for any reason whatsoever.

TORKIN MANES LLP

Per:



Stewart Thom

ST/jj

34487.0004/13596666_2

TAB T

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**AFFIDAVIT OF DANIEL WEISZ
(Sworn February 26, 2020)**

I, **DANIEL WEISZ**, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President of RSM Canada Limited ("**RSM**") and as such I have personal knowledge of the matters to which I hereinafter depose, save and except those matters based upon information and belief, in which case I have stated the source of such facts, all of which I verily believe to be true.
2. Pursuant to an Order of the Ontario Superior Court of Justice dated April 8, 2019, issued and entered on April 26, 2019 and effective on May 3, 2019, RSM Canada Limited was appointed as receiver, without security, over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario.

3. Attached hereto and marked as Exhibit "A" to this my affidavit are copies of invoices issued by RSM for fees incurred by the Receiver in respect of the receivership proceedings for the period November 1, 2019 to January 31, 2020 (the "Period"). The total fees charged during the Period are \$47,429.50, plus HST of \$6,165.84 for a total of \$53,595.34, while the average hourly rate was \$472.88. The fees estimated to completion are \$25,000.00 plus HST of \$3,250.00 for a total of \$28,250.00.

4. The invoices are a fair and accurate description of the services provided and the amounts charged by RSM for the Period.

5. Attached hereto and marked as Exhibit "B" is a schedule summarizing the invoices in Exhibit "A", the total billable hours charged, the total fees charged, the average hourly rate charged, and the fees estimated to completion.

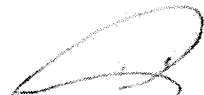
6. I make this affidavit in support of a motion for an Order approving the Receiver's fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 26th day of February, 2020


A Commissioner, etc.

Bryan Allan Tannenbaum, a Commissioner, etc.
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021.

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DANIEL WEISZ

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF DANIEL WEISZ SWORN BEFORE ME
THIS 26th DAY OF FEBRUARY, 2020.**



A Commissioner, etc.
Bryan Allan Tannenbaum, a Commissioner, etc.,
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021.



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
 Licensed Insolvency Trustee
 11 King St W, Suite 700, Box 27
 Toronto, ON M5H 4C7

T +1 416 480 0160
 F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited, Court-Appointed Receiver
 c/o RSM Canada Limited
 11 King Street West, Suite 700
 Toronto, ON M5H 4C7

Date December 13, 2019

Client File 7835095

Invoice 5

No. 5853319

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of the property at 581 Wellington Street West, Toronto, Ontario (the "Property") for the period ending November 30, 2019.

Date	Professional	Description
11/01/2019	Daniel Weisz	Prepare for and attend in court re application for approval of the sale of the property and other relief; discussion with B. Wong on court attendance; discussion with S. Walters of First Source Financial Management Inc. ("First Source"); discussion with K. Avison of Avison Young.
11/01/2019	Brenda Wong	Emails with HUB International Insurance Brokers ("HUB") re renewal of insurance; email to HUB re professional snow contractor.
11/01/2019	Anne Baptiste	Prepare disbursement cheques.
11/04/2019	Brenda Wong	Review HUB invoice and process for payment; email to Moreau Property Services ("Moreau") re status update.
11/04/2019	Daniel Weisz	Discussion with B. Wong re status of the removal of the chattels from the property by D. Terrelonge (the "Move") and other matters; review emails from Avison Young re request for access to the property.
11/05/2019	Daniel Weisz	Exchange emails with S. Thom of Torkin Manes LLP ("Torkin") re email to be sent to Debtor's counsel re the Move.
11/05/2019	Brenda Wong	Email to D. Terrelonge re scheduling dates for the Move; review Peregrine Protection Inc. ("Peregrine") invoice and field inspection reports; review issued orders of the Court and arrange for posting to webpage; review list of equipment to be released to D. Terrelonge; emails with Richmond Advisory Services ("RAS") re snow removal contractor services required; emails with HUB re requirements for snow removal contractor.
11/06/2019	Daniel Weisz	Discussion with B. Wong on status of the Move and email to D. Terrelonge re same; review exchange of emails following receipt of email from D. Terrelonge; discussion with S. Thom re pending application to court; removal of assets, etc.
11/06/2019	Brenda Wong	Review email from HUB and email to RAS re snow removal contractor; email to S. Eiley of Torkin re confirmation of closing date with the purchaser; review

December 13, 2019
 Invoice 5
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Date	Professional	Description
		emails and emails with D. Terrelonge re schedule for the Move; call and email to Moreau to inquire re availability of staff to supervise the Move; obtain online property tax account statement and send to Torkin.
11/07/2019	Daniel Weisz	Discussion with B. Wong re snow clearing for the property; review email from D. Johnson to S. Thom; review recent Court of Appeal case re appeal of an approval and vesting order.
11/07/2019	Anne Baptiste	Filing of banking documentation; prepare disbursement cheques.
11/07/2019	Brenda Wong	Emails with RAS re snow removal services.
11/08/2019	Brenda Wong	Emails with D. Terrelonge to request confirmation of move date and time and list of items to be removed; emails with Moreau to confirm availability to supervise the Move; prepare list of items to be removed or not to be removed and send to Torkin to review and discussion with S. Thom re same.
11/08/2019	Daniel Weisz	Discussion with B. Wong re status of the Move and review emails re same; discussion with S. Walters re status of closing of the sale of the property; review email from Torkin re purchaser's request for an extension to the closing date; exchange emails with Avison Young re the Move and discussion with B. Sykes of Avison Young.
11/11/2019	Brenda Wong	Attend at 581 Wellington to meet with Moreau re property to be removed; call to Enbridge to request gas be turned on; call with D. Weisz and S. Thom re closing date and status of the Move; calls with D. Terrelonge and Moreau re status of heat; call from Lakeside Gas and email to D. Terrelonge and call to Moreau re attending tomorrow morning.
11/11/2019	Daniel Weisz	Review emails re purchaser's request to extend the closing date; discussion with B. Wong on her attendance at the premises this morning to meet with Moreau and D. Terrelonge; discussion with S. Walters; review email from D. Mandel of First Source and respond thereto; email to Avison Young re status of closing; review emails re court date and debtor counsel's availability; review and sign Confirmation of Cooperation and Representation and email to Avison Young re same.
11/12/2019	Brenda Wong	Email to RAS re scheduling snow removal around the Move schedule; email to Peregrine to advise of the Move; email to Moreau the list of items to be removed; review update from D. Terrelonge and call to Moreau re replacement of filters for the furnace; email to D. Terrelonge to request clarification re hours of access required for this week and next; calls with Moreau re schedule for attendance and furnace issues; calls to Lakeside Gas re furnace; review email from Torkin re extension of closing date and email to HUB re insurance coverage extension.
11/12/2019	Daniel Weisz	Review email from K. Avison and reply to same; exchange emails with S. Thom re extension of deadline for the Move; review email from A. English re extension of closing date and reply to same.
11/13/2019	Brenda Wong	Attend at 581 Wellington to review status of the Move and snow removal.
11/13/2019	Daniel Weisz	Discussion with S. Thom re his discussion with M. Milosevic and court dates being scheduled; exchange emails with A. English re extension to closing date; send update to First Source, exchange emails with First Source, discussion with S. Walters and subsequent discussion with J. Larry of Paliare Roland Rosenberg Rothstein LLP.

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Date	Professional	Description
11/14/2019	Anne Baptiste	Prepare October bank reconciliation; filing of banking documentation.
11/15/2019	Daniel Weisz	Draft supplemental report to court re purchaser's request and send draft to S. Thom; review and sign Authorization and Direction requested by purchaser and email to A. Riches re same; update third report to court; email to S. Thom re status of information to be provided by secured creditors.
11/18/2019	Brenda Wong	Review letter from D. Terrelonge to the Court; email to Moreau re status of the Move; review invoice from HUB; email and call from Avison Young re purchaser's request to attend on site this week.
11/18/2019	Daniel Weisz	Review D. Terrelonge letter to Justice Pattillo; discussion with S. Thom re court hearing scheduled for Friday; review draft communication to service list re chambers appointment; review correspondence from J. Forget re scheduling of court appointment.
11/19/2019	Brenda Wong	Emails with Avison Young re purchaser's request for access, discuss with D. Weisz and S. Thom, emails with D. Terrelonge, and call and email to Moreau re same; review emails from Torkin.
11/19/2019	Daniel Weisz	Review emails re purchaser's request for access; discussion with S. Thom and B. Wong on same; discussion with K. Avison and B. Wong on same; subsequent discussion with B. Wong and S. Thom re email re removal of assets; review subsequent emails; discussion with J. Larry on status; review email from J. Forget.
11/20/2019	Brenda Wong	Attendance at 581 Wellington to review status of the Move, meet with Avison Young and party engaged by the purchaser and discuss status with Moreau; discussion with D. Terrelonge re his intentions for the Move; calls and emails with Canam Appraiz re value of chattels at 581 Wellington; review Moreau invoices and email to Moreau re questions on same; review emails re December 5 Court application.
11/20/2019	Daniel Weisz	Review emails re debtor's attendance at the premises for the Move, discussion with B. Wong on same; review and update and finalize supplemental report to the second report; review notice of motion of J. Forget and S. Thom response thereto; discussion with B. Wong re Canam Appraiz's attendance at the property to review the chattels; attend at Torkin re supplemental report.
11/21/2019	Daniel Weisz	Review and exchange emails with Moreau and S. Thom re the Move; discussion with S. Thom; review email from Canam Appraiz; discussions and correspondence with Moreau and HUB re proposed method of removal of assets.
11/21/2019	Brenda Wong	Calls and emails with Moreau re D. Terrelonge's proposed method of removal of assets and call and emails with Torkin and D. Weisz re same.
11/22/2019	Anne Baptiste	Prepare disbursement cheques; post invoice to Ascend.
11/22/2019	Brenda Wong	Discussions and emails with Moreau re staffing for the Move next week, movers and proposed opening of second floor window, and discussion with D. Weisz re same; call and email with D. Terrelonge re removal of window; discussion with D. Weisz and S. Thom re D. Terrelonge's removal of window; attendance at 581 Wellington to review status and actions being taken by movers to remove the floor tiles; discussion with Moreau representative on site re status; email to Torkin re D. Terrelonge's intent to remove installed items, review Torkin email to M. Milosevic; email to Moreau re items not to be

December 13, 2019
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Date	Professional	Description
		removed; discussion with S. Thom re status and unauthorized removal of fixtures.
11/22/2019	Daniel Weisz	Prepare for and attend in Court re Amendment to the Approval and Vesting Order; various discussions and emails re status of the Move and issues relating thereto; discussion with S. Walters on status; review draft Assignment and Assumption of Agreement of Purchase and Sale and provide comments to Torkin; review draft email to be sent to S. Wax and email to A. English re same.
11/25/2019	Brenda Wong	Attend at 581 Wellington to review status of the Move, discussions with D. Weisz and S. Thom re same, discussion with movers and Moreau re items not to be removed; review First Source discharge statement and mortgage statement re charges; review statement and supporting documents from second mortgagee; attend at 581 Wellington to meet with S. Thom, D. Terrelonge, and M. Milosevic to discuss remaining items to be removed; discussion and email to Moreau to arrange for electrician and for the removal of garage and general clean-up of the property.
11/25/2019	Daniel Weisz	Discussions with B. Wong and S. Thom re removal of assets from the premises; discussion with S. Walters; update Third Report to Court; discussion with B. Wong re her attendance at the premises.
11/26/2019	Brenda Wong	Review and respond to email from S. Thom re items to be removed; calls and email to Moreau re update on property to be removed and scheduling of electrician and clean-up; call from S. Thom re status; review and respond to emails from Avison Young re purchaser's request to attend; review changes to draft report; notify Enbridge of sale of the property.
11/26/2019	Daniel Weisz	Review analysis re amounts owing to first and second mortgagees and discussion with B. Wong on same; review documents from third mortgagee re representation; draft affidavit of fees and schedule thereto; discussion with B. Wong on status of removal of assets from the premises; update draft report and email to S. Thom re same.
11/27/2019	Brenda Wong	Contact Toronto Hydro and City of Toronto to notify of sale of the property or request final bill; prepare paperwork for payment of outstanding water bill; emails with Torkin re payment of property taxes to bailiff.
11/27/2019	Daniel Weisz	Discussion with S. Thom re his communications with counsel to D. Terrelonge; discussion with J. Larry on status of Receiver's report to court.
11/28/2019	Brenda Wong	Emails and call with Moreau re clean-up and availability to attend for site visit; emails with Avison Young re purchaser's attendance.
11/29/2019	Anne Baptiste	Prepare disbursement cheques.
11/29/2019	Brenda Wong	Review Moreau invoice; discussion with Moreau re item removed during the Move; review Torkin changes to draft report and make additional updates, discussion with D. Weisz and S. Thom re same; check report references to source documents.
11/29/2019	Daniel Weisz	Review S. Thom comments on report and discussion with B. Wong on updating report; conference call with S. Thom to discuss finalization of the report and the removal of assets from the premises.

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Date	Professional	Description
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	25.0	\$525	\$ 13,125.00
Brenda Wong, CIRP, LIT	Senior Manager	20.8	\$395	8,216.00
Anne Baptiste	Estate Administrator	1.1	\$110	121.00
Total hours and professional fees		<u>46.9</u>		\$ 21,462.00
HST @ 13%				2,790.06
Total payable				\$ 24,252.06

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt.
 RSM Canada Limited



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
 Licensed Insolvency Trustee
 11 King St W, Suite 700, Box 27
 Toronto, ON M5H 4C7

T +1 416 480 0160
 F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited, Court-Appointed Receiver
 c/o RSM Canada Limited
 11 King Street West, Suite 700
 Toronto, ON M5H 4C7

Date January 6, 2020

Client File 7835095

Invoice 6

No. 5866786

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of the property at 581 Wellington Street West, Toronto, Ontario (the "Property") for the period ending December 31, 2019.

Date	Professional	Description
12/02/2019	Daniel Weisz	Discussion with J. Larry of Paliare Roland Rosenberg Rothstein LLP on the Receiver's report to the court; discussion with S. Walters of First Source Financial Management Inc.; discussion with S. Thom of Torkin Manes LLP ("Torkin"); update report and email to S. Thom re same.
12/03/2019	Brenda Wong	Emails with Peregrine Protection Inc. ("Peregrine") re cancellation of services; review statement of adjustments; email to Torkin re keys for the Property.
12/03/2019	Daniel Weisz	Review S. Thom comments on updated report to court, work on finalizing the report to court, fee affidavit and attending at Torkin regarding same; review draft notice of motion and providing comments to Torkin; review motion record; review email from J. Forget.
12/04/2019	Brenda Wong	Attend at 581 Wellington to inspect premises; email and discussion with Moreau Property Services ("Moreau") re issues with front door lock; emails with Torkin re keys and commission statement; emails to Avison Young, Moreau and Peregrine re return of keys prior to closing of sale; review fourth report; arrange for posting of motion record and reports to Receiver's webpage; review email from Torkin re funds statement and outstanding tax and water bills.
12/04/2019	Daniel Weisz	Review Fourth Report to Court and update; discussion with S. Thom regarding same and finalize the report; attend at Torkin re same; review draft closing documents re sale of the property and email to A. Riches of Torkin re same; discussion with S. Walters and forward motion record and Receiver's report.
12/05/2019	Daniel Weisz	Prepare for and attend in court re motion of H. Pereira; discussion with S. Walters re same; review email from K. Avison of Avison Young re purchaser request for attendance at premises; review email from purchaser requesting extension to closing and discussion with S. Thom regarding same; conference call with K. Avison and B. Sykes of Avison Young, and S. Thom re purchaser request re closing of the sale and extension request; internal discussion re

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Date	Professional	Description
		potential claim and email to insurer; discussion with K. Avison re status of closing and email to S. Thom and J. Larry on same; discussion with S. Walters.
12/05/2019	Brenda Wong	Review emails from Avison Young re purchaser's request for site visit and from purchaser re request to extend closing; emails to Peregrine and Moreau re keys.
12/06/2019	Anne Baptiste	Filing of banking documentation; prepare disbursement cheques.
12/06/2019	Daniel Weisz	Email to S. Walters re Court application today; discussion with K. Avison re status of closing; review and sign cheques; attend in Court re application of third mortgagees; review email from counsel to purchaser; meet with S. Thom and J. Larry following meeting; attend at Torkin to meet with A. English, A. Riches, and S. Thom and sign closing documents and discuss status of closing including conference call with K. Avison re same; review subsequent emails.
12/06/2019	Brenda Wong	Call from A. Riches re status of closing; attend at 581 Wellington for site inspection; emails with HUB International Insurance Brokers ("HUB") re status of closing and insurance coverage.
12/08/2019	Daniel Weisz	Review and exchange emails re status of closing; discussion with J. Larry; exchange emails with K. Avison.
12/09/2019	Brenda Wong	Review emails and discussion with D. Weisz re status; email to Peregrine re recommencement of site inspections; email to Richmond Advisory Services ("RAS") re continuation of snow clearing; email to HUB re extension of insurance; review first Enbridge bill and process for payment.
12/09/2019	Daniel Weisz	Discussion with J. Larry; discussion with A. English and review A. English email; discussion with S. Walters; prepare for conference call; attend conference call with A. English, S. Thom and J. Larry re extension to closing requested by purchaser; discussion with K. Avison; review email from A. English re proposed extension; discussion with S. Thom re same; discussion with J. Larry re same; discussion with A. English re same.
12/10/2019	Brenda Wong	Prepare report pursuant to Section 246(2) of the Bankruptcy and Insolvency Act ("Interim Report") and fax same to the Office of the Superintendent of Bankruptcy; prepare cheque requisition for payment of HUB invoice; review email from M. Milosevic re items disputed by D. Terrelonge on First Source payout statement and basis of dispute.
12/10/2019	Daniel Weisz	Review the Interim Report and update; exchange emails with K. Avison re status of closing of the sale of the property; discussion with S. Thom re status and court order re interim distribution; discussion with B. Wong on same and email to S. Thom re same.
12/11/2019	Daniel Weisz	Draft Supplemental Report to Third Report to Court; update report for S. Thom comments; discussions with S. Thom; review email from R. Forget; discussion with S. Thom re same; discussion with J. Larry on same.
12/12/2019	Daniel Weisz	Discussions with S. Thom re status of application tomorrow and amount of proposed interim distribution; review emails between R. Forget and S. Thom; discussion with S. Thom on status; review and update supplemental report to court; review draft court order and email to S. Thom re same; review calculation of interest received from J. Larry and email to J. Larry re the calculation; exchange emails re request of purchaser to attend at the premises

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Date	Professional	Description
		tomorrow; discussion with A. English; discussion with K. Avison; finalize supplemental report.
12/13/2019	Daniel Weisz	Discussion with J. Larry re calculation of interim distribution; prepare for and attend in court re motion for approval of interim distribution; review summary of activities; discussion with S. Walters.
12/16/2019	Daniel Weisz	Review updated statement of adjustments and email to A. Riches on same.
12/16/2019	Brenda Wong	Review updated statement of adjustments and respond to email from Torkin re same.
12/17/2019	Brenda Wong	Review invoice from Peregrine and mobile patrol reports; review invoice from Moreau and follow up re admin charge; review final hydro bill; arrange for posting to the Receiver's webpage of the Court Order issued on December 13 and related endorsement; prepare cheque requisitions for payment of Receiver's and legal fees.
12/17/2019	Daniel Weisz	Exchange emails with A. English re status of the closing of the sale of the property.
12/19/2019	Daniel Weisz	Discussion with S. Thom re status of motion re First Source Statement; prepare for and attend conference call with A. English, S. Thom, K. Avison and B. Sykes re purchaser's position re closing of transaction and the Receiver's position relating thereto including subsequent conference call with the aforementioned parties and J. Larry; discussions with S. Walters; review draft amending agreement to agreement of purchase and sale and provide comments to A. English; J. Larry re same; review final amending agreement and sign same; email to S. Walters re status; email to Avison Young re status.
12/19/2019	Brenda Wong	Emails to Peregrine, RAS and HUB re postponement of the closing of the sale of the property.
12/20/2019	Daniel Weisz	Review email from M. Milosevic re Moreau; discussion with B. Wong on same; S. Thom on same; S. Walters re request for Agreement of Purchase and Sale and related documents; S. Thom on same; forward documents to S. Walters.
12/20/2019	Brenda Wong	Review email from M. Milosevic re Moreau and discussion with S. Thom re same; email to Moreau re same; review Enbridge email and status of account.
12/23/2019	Brenda Wong	Call to Enbridge to request reactivation of the Receiver's account.
12/30/2019	Daniel Weisz	Review and filing of emails.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

January 6, 2020
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FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	29.7	\$525	\$ 15,592.50
Brenda Wong, CIRP, LIT	Senior Manager	4.8	\$395	1,896.00
Anne Baptiste	Estate Administrator	0.2	\$110	22.00
Total hours and professional fees		34.7		\$ 17,510.50
HST @ 13%				2,276.37
Total payable				\$ 19,786.87

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

invoices are due upon receipt
 RSM Canada Limited



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
Licensed Insolvency Trustee
 11 King St W, Suite 700, Box 27
 Toronto, ON M5H 4C7

T +1 416 480 0160
 F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited, Court-Appointed Receiver
 c/o RSM Canada Limited
 11 King Street West, Suite 700
 Toronto, ON M5H 4C7

Date February 6, 2020

Client File 7835095

Invoice 7

No. 5891099

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of the property at 581 Wellington Street West, Toronto, Ontario (the "Property") for the period ending January 31, 2020.

Date	Professional	Description
01/02/2020	Brenda Wong	Call Toronto Hydro to reactivate the hydro account; follow up with Moreau Property Services ("Moreau") re email received from D. Terrelonge's legal counsel; review HUB International Insurance Brokers and Richmond Advisory Services ("RAS") invoices and prepare cheque requisitions.
01/02/2020	Daniel Weisz	Review email from E. Moreau of Moreau and discussion with B. Wong on same.
01/03/2020	Daniel Weisz	Discussion with J. Larry of Paliare Roland Rosenberg Rothstein LLP on status of closing; discussion with S. Walters of First Source Financial Management Inc. ("First Source") on status of closing.
01/06/2020	Brenda Wong	Review Peregrine Protection Inc. ("Peregrine") invoice; review and respond to Moreau email re outstanding invoices and prepare cheque requisitions.
01/06/2020	Daniel Weisz	Discussion with S. Thom of Torkin Manes LLP ("Torkin") re email from Moreau; review summary of activities; discussion with S. Walters.
01/07/2020	Brenda Wong	Review Enbridge bills and call to Enbridge to inquire re additional charges.
01/10/2020	Daniel Weisz	Review and sign cheques.
01/10/2020	Anne Baptiste	Prepare bank reconciliation; prepare disbursement cheques.
01/13/2020	Daniel Weisz	Review email from Z. Visram requesting information.
01/14/2020	Brenda Wong	Review Peregrine December site inspection reports.
01/14/2020	Daniel Weisz	Discussion with S. Thom re enquiry from Z. Visram.
01/15/2020	Brenda Wong	Review emails from J. Vega and D. Terrelonge re D. Terrelonge's request for a site visit and collection of mail delivered to the property, forward to Torkin, and respond to emails.
01/15/2020	Daniel Weisz	Discussion with B. Wong re request for access to the property; review email from D. Terrelonge and email to S. Thom re same.

February 6, 2020
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Date	Professional	Description
01/16/2020	Daniel Weisz	Review Torkin statement of account; review exchange of correspondence between S. Thom and M. Milosevic.
01/17/2020	Anne Baptiste	Prepare bank reconciliation.
01/17/2020	Brenda Wong	Attend at 581 Wellington for site visit; review mail received; review email from Enbridge; call from E. Gilmore inquiring re status of closing.
01/20/2020	Daniel Weisz	Exchange emails with Torkin re status of closing; discussion with S. Walters.
01/21/2020	Daniel Weisz	Review email re status of closing; discussion with D. Mandel and S. Walters of First Source re same; discussion with J. Larry.
01/24/2020	Daniel Weisz	Email to A. Riches of Torkin re closing scheduled for next week.
01/24/2020	Brenda Wong	Review email from Enbridge re outstanding balance; review email from RAS re snow clearing for December 2019.
01/24/2020	Anne Baptiste	Filing of banking documentation; prepare disbursement cheque.
01/27/2020	Brenda Wong	Email to Avison Young to request revised commission invoice, review and forward to Torkin; email to Torkin re revised Statement of Adjustments.
01/27/2020	Daniel Weisz	Review draft statement of adjustments and discussion with B. Wong on same; discussion with S. Walters on status.
01/28/2020	Brenda Wong	Review updated mortgage payout statement and prepare draft letter; prepare cheque requisitions for payment of interim distribution, repayment of Receiver Certificate and payment of Receiver's Expenses; review funds statement from Torkin; emails to Peregrine and RAS to notify of closing; call Toronto Hydro to request final meter reading; notify Enbridge of move date.
01/28/2020	Daniel Weisz	Review funds disbursements statement re closing; discussion with A. Riches re signing of closing documents re revised date; discussion with S. Walters re wire information and B. Wong on same; attend at Torkin re execution of updated closing documents; discussion with S. Thom on status.
01/29/2020	Brenda Wong	Prepare receipts processing form with supporting documents for posting of sale proceeds; email to City of Toronto to request final water bill and check online re status of account; review calculation of interest payable to First Source; prepare estimate of funds available for distribution.
01/29/2020	Daniel Weisz	Telephone discussion with S. Walters; review calculations re amounts outstanding under the second mortgage; review amounts to be paid to First Source on closing of the sale; email to First Source; discussions with S. Thom; review the DRA sent by Torkin; discussion with J. Larry on status.
01/30/2020	Daniel Weisz	Exchange emails with A. Riches with respect to the closing of the sale; discussion with A. Riches; forward information requested; discussions and emails with D. Mandel and S. Walters re interim distribution to be made to First Source.
01/31/2020	Anne Baptiste	Post receipts to Ascend; prepare disbursement cheques; filing of banking documentation.
01/31/2020	Brenda Wong	Review emails re closing of sale and distribution and confirm receipt of sale proceeds in the Receiver's account; finalize letter re wire transfer to First Source and confirm processing of wire; review Toronto Hydro bill.
01/31/2020	Daniel Weisz	Email to S. Thom re interim distribution; review emails from S. Thom and J. Larry re same, review and sign cheques and letter re wire transfer; discussion with S. Walters re interim distribution; exchange emails re the

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Date	Professional	Description
		additional interest owing to First Source to date of interim distribution; attend conference call with J. Larry and S. Thom re the status of the receivership administration; discussion with S. Thom re status of communications re interest distribution.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	12.4	\$525	\$ 6,510.00
Brenda Wong, CIRP, LIT	Senior Manager	4.4	\$395	1,738.00
Anne Baptiste	Estate Administrator	1.9	\$110	209.00
Total hours and professional fees		18.7		\$ 8,457.00
HST @ 13%				1,099.41
Total payable				\$ 9,556.41

VISA/MASTERCARD

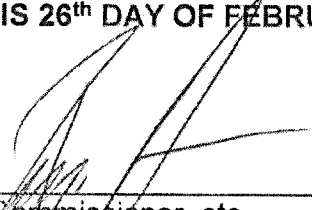
Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt
 RSM Canada Limited

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF DANIEL WEISZ SWORN BEFORE ME
THIS 26th DAY OF FEBRUARY, 2020.



A Commissioner, etc.

*Walter Tannenbaum, a Commissioner, etc.,
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 6, 2021.*

In the Matter of the Receivership of
581 Wellington Street West, Toronto, Ontario
Summary of Receiver's Fees
For the Period November 1, 2019 to January 31, 2020
and Estimated to Completion

Invoice Date	Period	Hours	Fees	HST	Total	Average Hourly Rate
13-Dec-19	November 1 to 30, 2019	46.9	\$ 21,462.00	\$ 2,790.06	\$ 24,252.06	\$ 457.61
06-Jan-20	December 1 to 31, 2019	34.7	\$ 17,510.50	\$ 2,276.37	\$ 19,786.87	\$ 504.63
06-Feb-20	January 1 to 31, 2020	18.7	8,457.00	\$ 1,099.41	\$ 9,556.41	\$ 452.25
Total fees to January 31, 2020		100.3	47,429.50	6,165.84	53,595.34	\$ 472.88
Estimated to completion			25,000.00	3,250.00	28,250.00	
Total fees			\$ 72,429.50	\$ 9,415.84	\$ 81,845.34	

TAB U

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

AFFIDAVIT OF STEPHEN SKORBINSKI

I, Stephen Skorbinski, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am a Lawyer with the law firm of TORKIN MANES LLP (“**Torkin Manes**”), which has been engaged as independent counsel, to RSM Canada Limited in its capacity as court appointed Receiver (in such capacity, the “**Receiver**”) over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario and as such have knowledge of the matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.

2. Attached hereto as **Exhibit "A"** is a true copy of the accounts issued by Torkin Manes to the Receiver, which includes detailed descriptions of the work performed for the period from November 1, 2019 to and including February 25, 2020. The total fees charged by Torkin Manes to

the Receiver during this period were \$77,567.50, plus HST of \$10,083.79, plus disbursements of \$5,374.06, plus HST on disbursements of \$632.82, for a total amount of \$93,658.17.

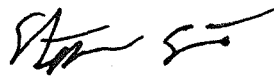
3. I confirm that the attached accounts accurately reflect the services provided by Torkin Manes in this matter and the fees and disbursements claimed by it during the period described above.

4. Additionally, attached hereto as **Exhibit "B"** is a summary of additional information with respect to the aforesaid accounts indicating all members of Torkin Manes who worked on this matter during the period described above, their year of call to the bar, total time charges and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on February 25, 2020

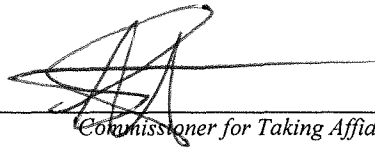


Commissioner for Taking Affidavits
(or as may be)



STEPHEN SKORBINSKI

This is Exhibit "A" referred to in the Affidavit of
Stephen Skorbinski sworn February 25, 2020

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

Torkin Manes LLP
 Barristers & Solicitors
 151 Yonge Street, Suite 1500
 Toronto, ON M5C 2W7

Tel: 416 863 1188
 Fax: 416 863 0305
 torkinmanes.com

Torkin|Manes
 Barristers & Solicitors

December 10, 2019

Invoice No.: 326168

Attention: Daniel Weisz
 RSM Canada
 11 King St. W., Suite 700
 Box 27
 Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Receivership of 2507448 Ontario Inc.
 File No.: 34487.0004

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Nov 01 19	SDT	Preparation for and attendance on motion for approval of sale	8.20
Nov 04 19	SDT	Communications with Avison Young re attendance of Pinchin at property; issuance of court orders and communications re same	0.30
Nov 05 19	SDT	Communications with Receiver re scheduling of motion re interim distribution; review of First Source discharge statement and discussions with Receiver re same; communications with counsel for debtor re removal of personal property from premises	0.60
Nov 06 19	AE	To attending to matters re closing date	0.20
Nov 06 19	SDT	Communications with debtor re removal of personal property from premises - timing and arrangements; discussion with Receiver re interim distribution motion and related issues	0.50

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 Our File No.: 34487.0004
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Nov 07 19	AE	To attending to notice to purchaser's lawyer re closing date and preliminary closing matters	0.30
Nov 07 19	AR	Contacted agent re purchaser's lawyer; receipt and review of property tax statement; drafted e-mail to purchaser's lawyer re closing; diarized relevant dates	1.50
Nov 07 19	SDT	Communications with debtor re removal of personal property; communications with Dalton Johnson re claims under third mortgage; communications with Receiver and counsel for applicant re potential appeal of approval and vesting order; review of court of appeal decision and related case law re appeal of approval and vesting order and application of stay	2.60
Nov 08 19	AE	To e-mail correspondence with Stanley Wax re authorization for off-title searches, closing date and assignment by purchaser; e-mail correspondence with Receiver re same	0.40
Nov 08 19	AR	Receipt and review of authorization; review of previous transactions with regard to authorization and assignment	0.80
Nov 11 19	AE	To conference with Stewart Thom re response to purchaser's lawyer re extension, assignment and authorization for off-title searches; e-mail correspondence with Stanley Wax re same	0.50
Nov 11 19	SDT	Communications with Receiver and debtor re attendance at premises for removal of personal property, heating issue and request for extension of time for removal; communications with Receiver re request for amendment to approval and vesting order substituting purchaser; communications with real	1.90

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		estate department re same; communications with counsel for purchaser re same; communications with counsel for applicant re amendments to approval and vesting order and distribution to applicant; communications with court re scheduling issues; communications with counsel for debtor re scheduling of distribution motion and related issues	
Nov 12 19	AE	To e-mail correspondence with Stanley Wax re authorization for off-title searches and terms of extension and assignment; e-mail correspondence with Receiver re same; review of draft authorization for off-title searches	0.60
Nov 12 19	AR	Drafted authorization and forwarded to Receiver for execution; exchange of e-mail correspondence with purchaser's lawyer; review of previous file with regard to extension fees and authorization	1.20
Nov 12 19	SDT	Communications with counsel for debtor and Receiver re extension of time for removal of personal property; communications with Aaron English and Receiver re purchaser request for extension of closing date; communications with court re scheduling of motion for distribution	0.80
Nov 13 19	AE	To e-mail correspondence with Stanley Wax re extension of closing; e-mail correspondence with Receiver re same	0.30
Nov 13 19	AR	Diarized amended closing date; commenced drafting closing documents; exchange of e-mail correspondence with purchaser's lawyer re extension	0.90

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Nov 13 19	SDT	Communications with debtor re extension of removal of personal property and consent to distribution motion proceeding on December 13, 2019; communications with Receiver re motions scheduling issues re request for amendment to approval and vesting order and availability of Justice Pattillo; communications with court confirming date of proceeding	0.90
Nov 14 19	SDT	Communications with Receiver re updated First Source payout statement for distribution motion	0.20
Nov 15 19	AE	To attending to authorization for off-title searches	0.10
Nov 15 19	AR	Followed up with Receiver re signed authorization; made amendments to same and circulated signed copy; followed up with purchaser's lawyer to confirm assignee	0.70
Nov 15 19	SDT	Review and revisions to Supplemental Report re amendments to approval and vesting order; communications with Receiver re same; review of correspondence from debtor to Justice Pattillo and communications with counsel for applicant and Receiver re same	0.90
Nov 18 19	SDT	Communications with counsel for applicant and purchaser re issues relating to letter from debtor to Justice Pattillo and proposed motion by Hason Pereira; preparation of communication to service list re amendments to approval and vesting order; communication with counsel for purchaser re supplemental report and contents of same	2.20

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Nov 19 19	AE	To attending to issues re purchaser resolutions	0.20
Nov 19 19	AR	Review of Agreement of Purchase and Sale with regard to required resolutions; forwarded authorizations to purchaser's lawyer; commenced drafting transaction documents	1.30
Nov 19 19	SDT	Communications with counsel for Hasson Pereira; communications with Receiver and applicant's counsel re proposed motion by Hasson Pereira; communications with Receiver and counsel for debtor re attendance of Pinchin at property and removal of personal property issues; communications with Kelly Avison re work to be performed by Pinchin and related issues raised by debtor re performance of environmental work; communications with counsel for debtor; communication with service list re amendments to Approval and Vesting Order; communications with Receiver re documentation received from second mortgagee and initial review of same	3.30
Nov 20 19	AE	To e-mail correspondence from Stanley Wax re building permits; review of draft resolutions and assignment and assumption agreement; e-mail correspondence with Stanley Wax re comments on same	0.30
Nov 20 19	SDT	Finalization of Supplemental Report to Second Report; communications with counsel for purchaser; received and reviewed motion record re Hasson Pereira request for relief from forfeiture; communications re same; communications with debtor and counsel re removal of personal property and deadline for same; communications with Ferris Hylton; communications with counsel for Applicant re motion for	3.90

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		relief from forfeiture	
Nov 21 19	AE	To e-mail correspondence with Stanley Wax re assignment and resolutions	0.30
Nov 21 19	AR	Drafted Assignment of Agreement of Purchase and Sale; exchange of e-mail correspondence re draft resolutions; followed up re outstanding permits	1.40
Nov 21 19	SDT	Communications with counsel and Receiver re removal of personal property and request for extension of deadline; communications with counsel for debtor and counsel for purchaser re removal of tile from premises; draft orders re amendments to Approval and Vesting Order and communications with Receiver and purchaser's counsel re same; communications with counsel for Hasson Pereira re attendance at 9:30 a.m. chambers appointment and proposed motion for relief from forfeiture; preparation for attendance in court re amendments to order	5.50
Nov 22 19	AE	To attending to issues re outstanding building permits and assignment by purchaser; e-mail correspondence with Receiver re same; e-mail correspondence with Stanley Wax re same; attending to preliminary matters re closing documents	1.00
Nov 22 19	CNV	Discussion with Stewart Thom re: insurance options to present to clients, and representatives of the movers; review e-mail chain re same	0.40
Nov 22 19	AR	Made further revisions to Assignment; correspondence with Receiver re form of assignment and open building permits; correspondence with purchaser's lawyer	1.30

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Nov 22 19	SDT	Attendance in court re amendments to Approval and Vesting Orders; communications with Receiver and counsel for debtor re unauthorized work being conducted on premises and issues relating to removal of personal property	3.90
Nov 23 19	AE	To e-mail correspondence with Receiver re building permits	0.10
Nov 25 19	SDT	Communications with Receiver and counsel for debtor re issues pertaining to removal of personal property; attendance at property with debtor and Receiver; communications with purchaser re removal of additional items; communications with counsel for debtor re same	2.50
Nov 26 19	SDT	Communications with counsel for purchaser re removal of additional items; communications with counsel for debtor re same; e-mail communications with counsel for debtor re request for extension of time to remove property and escrow proposal	0.80
Nov 27 19	AR	Contacted the bailiff to request statement of outstanding taxes on closing; correspondence with client re same; drafted statement of adjustments and Application for Vesting Order	1.00
Nov 27 19	SDT	Communications with counsel for debtor re removal of property issues and denial of further extension; communications with Receiver re motion for interim distribution; review and revise Receiver's draft Third Report	2.80
Nov 28 19	AE	To attending to closing documents	0.20
Nov 28 19	SDT	Drafting of Receiver's report re December 5, 2019 motion of Hasson Pereira	1.70

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Nov 29 19	SJ	Obtained updated parcel register for 581 Wellington Street West, Toronto; obtained copies of all active instruments registered on Title	0.60
Nov 29 19	AE	To conference with Stewart Thom re issues relating to excluded fixtures	0.30
Nov 29 19	SDT	Obtained and reviewed instruments registered on title and updated searches re Personal Property Search Act and property	0.60
Total Hours:			60.00

OUR FEE:	\$26,178.50
HST:	\$3,403.21
SUB-TOTAL:	<u>\$29,581.71</u>

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Angie Riches	250.00	10.10
Shalan Jankowski	290.00	.60
Christopher Valente	450.00	.40
Stewart D. Thom	475.00	44.10
Aaron English	490.00	4.80
TOTAL HOURS		60.00

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Reproduction of documents	125.40
Deliveries	30.74
Document Scanning	78.60
Laser copies	158.40
Process Server	110.00

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Colour Copies	29.50	
	<u>532.64</u>	
Total Disbursements	\$532.64	
HST on Disbursements	\$69.24	
TOTAL DISBURSEMENTS AND HST:		<u>\$601.88</u>
TOTAL FEE, DISBURSEMENTS & HST		\$30,183.59
BALANCE DUE AND OWING BY YOU		\$30,183.59

TORKIN MANES LLP

Per: _____

Barry A. Cohen

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
 Interest will be charged pursuant to the Solicitors Act at the
 rate of 1.0 percent per year.

Torkin Manes LLP
 Barristers & Solicitors
 151 Yonge Street, Suite 1500
 Toronto, ON M5C 2W7

Tel: 416 863 1188
 Fax: 416 863 0305
 torkinmanes.com

Torkin Manes
 Barristers & Solicitors

December 31, 2019

Invoice No.: 328237

Attention: Daniel Weisz
 RSM Canada
 11 King St. W., Suite 700
 Box 27
 Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Receivership of 2507448 Ontario Inc.
 File No.: 34487.0004

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Dec 02 19	AE	To attending to draft closing documents and related issues	0.20
Dec 02 19	SDT	Communications with Stan Wax re removal of fixtures from property and related issues; communications with Receiver and revisions to Third Report; preparation of Notice of Motion re motion for approval of interim distribution; discussions with counsel for First Source	3.70
Dec 03 19	SK	Meeting with S. Thom re research matters	0.40
Dec 03 19	AE	To review of draft statement of adjustments	0.10
Dec 03 19	AR	Revised closing documents; circulated statement of adjustments for approval	1.00

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Dec 03 19	SDT	Communications with Receiver and counsel for First Source; revisions to and finalization of materials re motion for approval of interim distribution; communications with counsel for debtor; received and reviewed additional affidavit materials re investor motion for stay of approval and vesting order; drafted Fourth Report of receiver re investor motion for stay of approval and vesting order; communications with receiver re Fourth Report	7.60
Dec 04 19	AE	To e-mail correspondence re closing documents and third mortgagee's motion to enjoin sale; attending to issues re tax arrears; review of funds statement	0.50
Dec 04 19	AR	Circulated blacklined documents to Receiver; e-mail correspondence re closing matters; contacted City of Toronto and Bailiff re outstanding taxes; drafted funds statement; correspondence with Purchaser's solicitor re payment of taxes	1.70
Dec 04 19	SJ	Ascertained the corporate status of and obtained a profile report for Sans Souci Mortgage Services Corp.	0.20
Dec 04 19	SDT	Finalization of draft Fourth Report re investor motion to stay approval and vesting order; communications with Receiver re same; communications with real estate department re closing; communications with counsel for debtor re position on motion for approval of interim distribution	2.80
Dec 05 19	AE	To telephone discussion with Stanley Wax re potential extension of closing; e-mail correspondence with Daniel Weisz re same; conference with Stewart Thom re motion by third mortgagee to enjoin sale	0.70

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Dec 05 19	SDT	Attendance in court re chambers appointment respecting motion to stay vesting order; communications with Receiver and real estate department re closing of sale and related issues; communications with Receiver re purchaser request for access to property to perform additional environmental testing; legal research and preparation for attendance on investor motion to stay vesting order	7.10
Dec 06 19	SK	Meeting with C. Pike re: research; communication with S. Thom re same	0.60
Dec 06 19	AE	To attending to issues re closing and requested extension, including conference with Stewart Thom and telephone discussions with Stanley Wax; meeting with Daniel Weisz re extension terms and potential tender	1.50
Dec 06 19	AR	Prepared Vendor's documents for execution; attended meeting with client re closing matters and outstanding issues	2.60
Dec 06 19	SDT	Preparation for and attendance at court on motion to stay approval and vesting order; communications with real estate department, Receiver and Avison Young re closing issues and request for extension of closing	7.20
Dec 08 19	SK	Reviewed charge documents; corresponded with C. Pike re research matters; telephone call with S. Thom re research matters	1.20
Dec 08 19	AE	To e-mail correspondence re purchaser response to extension terms	0.20
Dec 08 19	CP	Prepared memorandum re legal research	5.00

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Torkin | **Manes**
 Barristers & Solicitors

Dec 08 19	SDT	Communications re closing issues and status	0.30
Dec 09 19	SK	Reviewed draft memo and met with C. Pike re same	0.70
Dec 09 19	AE	To e-mail correspondence and conference call with Daniel Weisz, Jeffrey Larry and Stewart Thom re extension terms and options; subsequent telephone discussions with Daniel Weisz re same; telephone discussions and e-mail correspondence with Stanley Wax re same	2.20
Dec 09 19	AR	Correspondence re extension of closing date	0.20
Dec 09 19	SDT	Communications with Receiver re extension of closing; communications with real estate department re related issues	1.10
Dec 10 19	AE	To e-mail correspondence with Stanley Wax re closing documents and realty taxes	0.20
Dec 10 19	SDT	Review correspondence from counsel for debtor re position on interim distribution motion and related case law; discussions with counsel for debtor re position on interim distribution motion; discussions with Receiver and counsel for First Source re same and calculation of uncontested amount owing on first mortgage for purposes of interim distribution motion; communications with counsel for investors re position on interim distribution motion	3.30
Dec 11 19	AE	To attending to outstanding matters re closing documents	0.30

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Torkin Manes
 Barristers & Solicitors

Dec 11 19	AR	Telephone discussion and e-mail correspondence with Purchaser's solicitor re outstanding taxes and delivery of closing documents; requested update from bailiff re taxes owing up to closing; correspondence with client re same	0.50
Dec 11 19	SDT	Communications with counsel for purchaser; revisions to draft Supplemental Report to Third Report; communications and discussions with counsel and Receiver re calculation of uncontested claims of first mortgagee for purposes of interim distribution; communications with counsel for investor re position on interim distribution motion and discussions with Receiver re same	3.20
Dec 12 19	AE	To e-mail correspondence with Stanley Wax re environmental testing and closing logistics; e-mail correspondence with Daniel Weisz re environmental testing	0.50
Dec 12 19	SDT	Communications with Receiver and counsel for purchaser re request for access to property; communications with counsel for investors and counsel for debtor re clarification of position on interim distribution and related issues; draft form of order and communications with counsel and Receiver re same; revisions to and finalization of Supplemental Report to Third Report; preparation for attendance in court re motion for interim distribution	5.70
Dec 13 19	AE	To review of e-mail correspondence re purchaser's environmental testing; e-mail correspondence with Stanley Wax re same	0.20

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Dec 13 19	SDT	Communications with counsel for applicant; preparation for and attendance in court re motion for approval of interim distribution	2.70
Dec 16 19	AE	To attending to revised adjustments	0.20
Dec 17 19	AE	To e-mail correspondence with Daniel Weisz re closing	0.10
Dec 17 19	SDT	Communications with counsel for debtor	0.20
Dec 18 19	AE	To telephone discussion with Stanley Wax re potential extension of closing date; e-mail correspondence with Daniel Weisz re same; conference with Stewart Thom re same; attending to potential amendment to agreement of purchase and sale	0.80
Dec 18 19	AD	To drafting amendment to agreement of purchase and sale	2.10
Dec 18 19	SDT	Communications with Receiver and counsel for purchaser re closing issues	1.10
Dec 19 19	AE	To conference call with Daniel Weisz, Stewart Thom, Kelly Avison, Ben Sykes and Jeffrey Larry re terms of extension; telephone discussions and e-mail correspondence with Stanley Wax re same; drafting and revising amending agreement; e-mail correspondence with Daniel Weisz and Stanley Wax re same	3.30
Dec 19 19	AD	To further review and revise draft amendment to agreement of purchase and sale; finalizing execution form of amendment to agreement of purchase and sale	2.20
Dec 20 19	SDT	Communications with counsel for debtor re issues raised concerning property manager; review of materials provided by counsel for debtor; communications with Receiver re same; discussions re	1.20

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request for investigation of matter by
 property manager

Total Hours: 76.60

OUR FEE:	\$32,234.50
HST:	\$4,190.49
SUB-TOTAL:	<u>\$36,424.99</u>

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Christoph Pike	200.00	5.00
Anthony D'Angelo	225.00	4.30
Angie Riches	250.00	6.00
Shalan Jankowski	290.00	.20
Stephen Skorbinski	310.00	2.90
Stewart D. Thom	475.00	47.20
Aaron English	490.00	11.00
TOTAL HOURS		76.60

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Reproduction of documents	328.20
Deliveries	53.70
Binding service	15.60
Agents fees	12.50
Document Scanning	135.00
Title search disbursements	144.00
Laser copies	183.60
Computer Legal Research	2,860.00
Process Server	240.00
Colour Copies	47.00

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4,019.60

NON-TAXABLE DISBURSEMENTS:

Paid to obtain copies	42.00
Title search disbursements	22.00
Personal Prop Securities Act search	8.00
File a Motion	320.00
	<hr/>
	392.00

Total Disbursements	\$4,411.60
HST on Disbursements	\$522.55


TOTAL DISBURSEMENTS AND HST:	<hr/>	\$4,934.15
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TOTAL FEE, DISBURSEMENTS & HST	\$41,359.14
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BALANCE DUE AND OWING BY YOU	\$41,359.14
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TORKIN MANES LLP

Per:



 Barry A. Cohen

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
 Interest will be charged pursuant to the Solicitors Act at the
 rate of 1.0 percent per year.

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

Tel: 416 863 1188
Fax: 416 863 0305
torkinmanes.com

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Torkin | Manes
Barristers & Solicitors

January 31, 2020

Invoice No.: 329134

Attention: Daniel Weisz
RSM Canada
11 King St. W., Suite 700
Box 27
Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Receivership of 2507448 Ontario Inc.
File No.: 34487.0004

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Jan 02 20	SDT	Communications with Receiver re property manager issues	0.20
Jan 13 20	SDT	Received communications from counsel for debtor re issues concerning property management personnel	0.10
Jan 15 20	AR	Telephone discussion with bailiff's office re upcoming closing and outstanding taxes	0.20
Jan 15 20	SDT	Communications with Receiver and counsel for debtor re request for access to property	0.50
Jan 17 20	SDT	Communications with second mortgagee re status of sale and request for confidential information; communications with Receiver re same	0.40

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Jan 20 20	AE	To conference with Stewart Thom re status of transaction; e-mail correspondence with Daniel Weisz re same	0.20
Jan 20 20	AR	E-mail correspondence re status of closing	0.10
Jan 20 20	SDT	Preparation of confidentiality and non disclosure agreement; communications with Receiver; communications second mortgagee; communications with real estate department	1.80
Jan 21 20	AE	To e-mail correspondence from Stanley Wax re closing; e-mail correspondence with Daniel Weisz re same; e-mail correspondence with Stanley Wax re open permits	0.30
Jan 21 20	AR	Followed up with Purchaser's solicitor re upcoming closing; drafted report to client	0.60
Jan 21 20	SDT	Communications with second mortgagee re status and issues re sale of property and confidential information; communications with counsel for debtor re status of sale of property; communications with real estate department re closing issues	1.60
Jan 22 20	AE	To e-mail correspondence with Stanley Wax re open permits	0.10
Jan 24 20	AE	To e-mail correspondence with Stanley Wax re application for vesting order, instruments to be discharged from title and closing logistics; review of revised statement of adjustments; attending to outstanding closing matters	0.80
Jan 24 20	AR	Revised statement of adjustments; contacted bailiff re taxes; exchange of e-mail correspondence with Purchaser's solicitor re form of Application for Vesting Order; correspondence with	0.70

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		client re closing	
Jan 27 20	AE	To attending to outstanding matters re realty taxes; review of draft Tri-Party Document Registration Agreement	0.50
Jan 27 20	AR	Receipt and review of updated tax statement; circulated revised statement of adjustments; receipt and review of Tri-Party Document Registration Agreement	0.90
Jan 28 20	AE	To attending to outstanding closing matters	0.40
Jan 28 20	SJ	Obtained updated parcel register for 581 Wellington Street West and obtained copies of various instruments registered on title thereto	0.50
Jan 28 20	AR	Preparation for closing; amended Document Registration Agreement; prepared Vendor's documents for execution; met with client; circulated updated funds statement; drafted Undertaking re Taxes; discussion with Purchaser's solicitors regarding closing and required statements in Application for Vesting Order	2.50
Jan 28 20	SDT	Review of title and mortgage documents re preparation of security opinion re second mortgage; preparation of security opinion; discussions with real estate department re closing of sale of property; discussions with Receiver	2.80
Jan 29 20	AE	To attending to closing matters	0.40
Jan 29 20	AR	Preparation for closing	1.50
Jan 30 20	AE	To attending to closing	0.60
Jan 30 20	SHC	Attend to the filing of the Receiver's Certificate	1.30

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Jan 30 20	SDT	Discussions with Receiver re closing issues, estimated funds available for distribution and next steps	0.80
Jan 31 20	SDT	Communications with Receiver and counsel for First Source re request for release of additional interest; communications with counsel for investor group and counsel for debtor re same	2.10
Total Hours:			21.90

OUR FEE:	\$9,030.50
HST:	\$1,173.97
SUB-TOTAL:	<u>\$10,204.47</u>

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Sayde-Hope Crystal	225.00	1.30
Angie Riches	270.00	6.50
Shalan Jankowski	300.00	.50
Stewart D. Thom	500.00	10.30
Aaron English	510.00	3.30
TOTAL HOURS		21.90

DISBURSEMENTS

TAXABLE DISBURSEMENTS:	
Reproduction of documents	4.20
Laser copies	121.50
Colour Copies	4.50
Telephone Conference Calls	2.11

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	132.31	
NON-TAXABLE DISBURSEMENTS:		
Title search disbursements	87.20	
Bank transfer and service charges	27.00	
	<u>114.20</u>	
Total Disbursements	\$246.51	
HST on Disbursements	\$17.20	
TOTAL DISBURSEMENTS AND HST:		<u>\$263.71</u>
TOTAL FEE, DISBURSEMENTS & HST		\$10,468.18
BALANCE DUE AND OWING BY YOU		\$10,468.18

TORKIN MANES LLP

Per: 

Barry A. Cohen

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
 Interest will be charged pursuant to the Solicitors Act at the
 rate of 1.0 percent per year.

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

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Fax: 416 863 0305
torkinmanes.com

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Torkin|Manes
Barristers & Solicitors

February 25, 2020

Invoice No.: 329406

Attention: Daniel Weisz
RSM Canada
11 King St. W., Suite 700
Box 27
Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Receivership of 2507448 Ontario Inc.
File No.: 34487.0004

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Feb 03 20	SDT	Draft correspondence to interested parties re release of additional interest to First Source	1.00
Feb 04 20	SDT	Communications with Receiver re release of interim distribution funds	0.20
Feb 05 20	AR	Revised report to client re closing of real property sale	0.90
Feb 10 20	SDT	Telephone call with counsel for First Source	0.20
Feb 13 20	SDT	Communications with court re available court dates re motion for final distribution and discharge; communications with interested parties re same; communications with counsel for First Source	0.70

Feb 14 20	SDT	Communications with interested parties re scheduling matters; communications with court re scheduling of motion re final distribution and discharge of receiver	0.40
Feb 17 20	SDT	Communications with counsel for debtor re motion for final distribution and related issues	0.20
Feb 18 20	SDT	Received and reviewed updated payout figures from First Source re motion for final distribution; communications with Receiver re same; communications with counsel for First Source	0.80
Feb 20 20	AR	Amended report index re closing of real property sale	0.30
Feb 20 20	SDT	Communications with counsel for First Source re agreement between first and second mortgagee and projected final distribution funds; communications with Receiver re updated payout figures for first and second mortgagees	0.30
Feb 21 20	SDT	Review and revisions to draft Fifth Report of Receiver; communications with counsel for First Source; communications with second mortgagee; communications with Receiver	5.20
Feb 23 20	SDT	Communications with second mortgagee re updated payout figures; communications with Receiver re same	0.20
Feb 24 20	SDT	Revisions to Fifth Report; communications and discussions with Receiver; finalization of security opinion re second mortgage	6.20
Feb 25 20	SDT	Finalization of receiver's report; preparation of Notice of Motion and draft order re motion for final distribution and discharge	4.20

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Total Hours: 20.80

OUR FEE: \$10,124.00
HST: \$1,316.12
SUB-TOTAL:

\$11,440.12

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Angie Riches	270.00	1.20
Stewart D. Thom	500.00	19.60
TOTAL HOURS		20.80

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Deliveries	80.63
Travel	21.46
Binding service	1.52
Laser copies	65.70
Storage Media	14.00
	<hr/> 183.31

Total Disbursements \$183.31
HST on Disbursements \$23.83

TOTAL DISBURSEMENTS AND HST:

\$207.14

TOTAL FEE, DISBURSEMENTS & HST \$11,647.26

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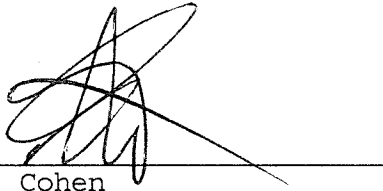
BALANCE DUE AND OWING BY YOU

\$11,647.26

TORKIN MANES LLP

Per: _____

per: Barry A. Cohen

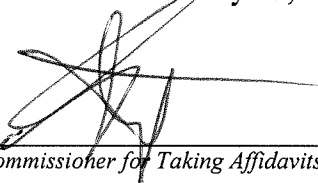


E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
Interest will be charged pursuant to the Solicitors Act at the
rate of 1.0 percent per year.

This is Exhibit "B" referred to in the Affidavit of
Stephen Skorbinski sworn February 25, 2020

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

Summary of Additional Lawyer Information

<u>Lawyer</u>	<u>Year of Call</u>	<u>Hours Billed</u>	<u>Hourly Rate</u>	<u>Total Billed</u>
Aaron English	2004	15.80	\$490.00	\$7,742.00
		3.30	\$510.00	\$1,683.00
Christopher Valente	2004	0.40	\$450.00	\$180.00
Stewart Thom	2008	91.30	\$475.00	\$43,367.50
		29.90	\$500.00	\$14,950.00
Stephen Skorbinski	2019	2.90	\$310.00	\$899.00
Anthony D'Angelo	2019	4.30	\$225.00	\$967.50
Shalan Jankowski	Clerk	0.80	\$290.00	\$232.00
		0.50	\$300.00	\$150.00
Angie Riches	Clerk	16.10	\$250.00	\$4,025.00
		7.70	\$270.00	\$2,079.00
Christoph Pike	Student	5.00	\$200.00	\$1,000.00
Sayde-Hope Crystal	Student	1.30	\$225.00	\$292.50
TOTAL				<u>\$77,567.50</u>

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF STEPHEN SKORBINSKI

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Tel: 416-863-1188
Fax: 416-863-0305

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)