

**CITATION:** First Source Financial Management Inc. v. Craig Developments Inc.,  
2026 ONSC 4898

**COURT FILE NO.:** CV-24-00730137-00CL

**DATE:** 20260825

**SUPERIOR COURT OF JUSTICE – ONTARIO**

**RE:** FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

**AND**

CRAIG DEVELOPMENTS 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

**BEFORE:** Koehnen J.

**COUNSEL:** *Dom Michaud* and *Anisha Samat* for the Receiver, TDB Restructuring

*Sara Mosadeq* for the Applicant

*Fariz Dosani* for Judith Pare and Ciara Donnelly

*Cody Koblinsky* for the Lien Claimant, Archibald Builders Group Inc.

*Michael Vandas* on his own behalf

*Stephanie Campbell* on her own behalf.

**HEARD:** August 18, 2026

**ENDORSEMENT**

[1] By Order of the Honourable Justice Penny dated December 3, 2024 (the “Receivership Order”), TDB Restructuring Limited (“TDB”) was appointed as receiver without security, of (i) the Property municipally known as 8, 10, 12, 14, 16, 18, 20 and 22 Sabrina Park

Drive, Huntsville, Ontario and 5 Charles Court, Huntsville, Ontario (collectively, the “Property”), and (ii) all the assets, undertakings and properties of Craig Developments Inc. (the “Debtor”) acquired for, or used in relation to a business carried on by the Debtor, pursuant to section 243 of the *Bankruptcy and Insolvency Act* (the “BIA”) and section 101 of the *Courts of Justice Act* (the “CJA”).

- [2] The Receiver now moves to approve the sale of the property for as well as other ancillary relief.
- [3] A number of parties appeared to object to the sale. They include 1001015209 Ontario Inc., Judith Pare, Ciara Donnelly, Michael Vandas and Stephanie Campbell (collectively the “Objecting Parties”).
- [4] A brief background is required to understand the dynamics between the parties. The property at issue was to be developed by Craig Developments Inc. to build 24 townhouses and five three-story apartment buildings. Construction of the townhouses is underway. Exterior structures and windows have been completed. Interior work has not yet begun. The individual objectors were shareholders in Craig Developments Inc. together with Teresa Oliver. It appears that Ms. Oliver had the building expertise amongst the group and described herself as the “builder”. Construction financing was provided by the applicant First Source Financial Management in an amount that is now over \$6,000,000. Some or all of the individual Objecting Parties appear to have guaranteed the First Source debt. In addition, the individual Objecting Parties also provided funds to 1001015209 Ontario

which were advanced to the project and secured by a second mortgage in an amount of approximately \$2 million.

[5] The development fell apart for reasons that are not entirely clear from the record but that appear to relate, among other things, to a breakdown in the relationship between Ms. Oliver and the Objecting Parties.

[6] The transaction that the receiver asks to have approved is one that would see the project transferred to a special purpose entity owned by First Source and Ms. Oliver.

[7] The Objecting Parties submit that this related party transaction requires enhanced scrutiny. I agree.

[8] The narrative the Objecting Parties presented was one in which, at a high level, their submission is Ms. Oliver had squeezed them out of the building project while having the Objecting Parties remain liable under guarantees, and while Ms. Oliver had engaged in an undisclosed transaction with First Source that will presumably generate benefits for her.

[9] During the course of the hearing, I became concerned about the inability of counsel for the Receiver to answer questions about the relationship between First Source and Ms. Oliver. I was told the Receiver had made no inquiries into that relationship or into the terms of the arrangement between them.

[10] During the course of the hearing, counsel for First Source, in response to questions from the court, agreed to release the Objecting Parties from their guarantees. This removes one significant source of concern from the transaction. First Source counsel also agreed to

provide me on a confidential basis with the commercial terms of the arrangement between itself and Ms. Oliver and with copies of the documents supporting that relationship. I have reviewed that documentation and am satisfied that it does not raise concerns that cannot be addressed with terms. The essence of the relationship is that First Source will be a majority shareholder of the entity that acquires the project with Ms. Oliver being a minority shareholder. Ms. Oliver will not provide additional funding for her minority interest but will be the builder responsible for completing the project. In addition, First Source will provide a substantial additional amount in construction financing. Ms. Oliver will be required to provide an unlimited guarantee for 100% of the obligations owing under the facility as well as providing an unlimited construction completion and cost overrun guarantee and a general security agreement over personal property. Those provisions create substantial financial risk for Ms. Oliver which is heightened by the release of the Objecting Parties from their guarantees.

- [11] Part of the narrative of the Objecting Parties was that they were interested in taking out the first mortgage in its entirety and moving forward to complete the project themselves but were prevented from doing so by the Receiver. After delving further into the underlying record, I do not accept that narrative. The only evidence supporting the narrative was a letter from counsel for the Objecting Parties dated January 17, 2025, which advised that the Objecting Parties wished to make an offer to:

Make a cash payment sufficient to discharge the first mortgage and a construction lien as well as paying the reasonable fees of the receiver.

- [12] The letter contemplated the Objecting Parties assuming the second mortgage of which they were the beneficial holders in any event.
- [13] The Objecting Parties never provided any evidence of the ability to make such a cash offer. When pressed at the hearing before me, Ms. Pare stated at one point that she had no evidence now but could get it. At another point she stated that she had no written commitment for financing but had a verbal commitment. Neither of those answers is satisfactory. This matter was originally before Justice Black on July 31, 2026. Justice Black adjourned the hearing to permit the Objecting Parties to deliver responding records. The responding records contain no evidence of financing. Twenty months have passed since the letter of January 17, 2025, and the Objecting Parties have not provided evidence of an ability to take out the first mortgage.
- [14] The Objecting Parties deflect the lack of evidence of financing by submitting that the Receiver had failed to engage with them and had insisted on a 10% deposit accompanying the offer. The record before me does not disclose any contemporaneous evidence of lack of engagement. Had there been a lack of engagement, I would have expected to see a series emails from the Objecting Parties following up with the receiver complaining about a lack of response. Similarly, the receiver never refused any offer to pay out the first mortgage and receiver's fees. The receiver merely indicated that such an offer would pose transaction risk if it were not accompanied by a 10% deposit. To some extent, the question of the deposit is a red herring given the lack of any financing. If the Objecting Parties truly had access to financing and could provide persuasive evidence of an ability to close, the receiver may well have been prepared to accept the transaction risk if the evidence of

financing was sufficiently strong. Similarly, if the Objecting Parties truly had financing, one might have thought that they could come up with enough security to support a 10% deposit for a short period of time. Keep in mind that the 10% deposit would have been returned to the lender if the transaction failed to go through other than for reasons attributable to the Objecting Parties.

[15] The Transaction is consistent with the principles set out in *Royal Bank v. Soundair Corp.*<sup>1</sup> which requires the court, when assessing whether to approve a sale by a receiver, to consider: (a) whether the receiver has made a sufficient effort to get the best price, and has not acted improvidently; (b) the interests of all parties; (c) the efficacy and integrity of the process, by which offers are obtained; and (d) whether there has been unfairness in the working out of the process.

[16] On reviewing the First Receiver's Report and the Supplement to it, I am satisfied that the sale complies with the *Soundair* principles. The receiver obtained proposals from several commercial real estate brokers. It retained CBRE, an experienced and well-recognized broker. CBRE conducted a targeted marketing campaign and left the property exposed on MLS and on its own website for over 12 months. That provided a meaningful opportunity for interested parties to conduct due diligence and submit offers. It obtained only one letter of intent which was not capable of pursuit because it required vendor takeback financing. The bidder would not provide an improved offer. The limited interest is unsurprising. The project is under construction but has not been completed. Projects of that nature are

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<sup>1</sup> *Royal Bank of Canada v. Soundair Corp.*, 1991 CanLII 2727 (ON CA).

particularly difficult to sell because the nature of the development has already been baked in and the development might not seem as attractive to others as it was to the initial proponent. In these circumstances, I am satisfied that the Transaction at hand provides the Lender with the best opportunity to recover its indebtedness and represents the best outcome for stakeholders.

[17] I note that nothing in the approved transaction will prevent the Objecting Parties from pursuing Ms. Oliver if they are truly of the view that they have somehow been improperly squeezed out of the project.

[18] As a result of the foregoing, I approve the relief the Receiver seeks and of the orders it seeks provided that the following clause is added to the Approval and Vesting Order:

THIS COURT ORDERS that all guarantees in favour of First Source Financial Management Inc. in relation to the Property except the guarantee provided by Teresa Oliver are hereby extinguished.

[19] The ancillary relief the Receiver seeks is not controversial.

[20] First, it seeks approval of a Proposed Interim Distribution pursuant to which the Receiver will retain: (a) a \$60,000 Lien Holdback pending resolution or determination of the Lien Claim; (b) sufficient funds to pay the property tax arrears and approved professional fees; and (c) such additional administrative reserve as the Receiver determines is reasonably necessary to complete the receivership.

[21] Second, it seeks approval of the first report and its activities. A receiver's activities should be approved when:

- (a) the receiver's activities were necessary and undertaken in good faith;
- (b) the receiver's activities were consistent with its duties and powers granted in prior orders;
- (c) the receiver's activities were reasonable and for the benefit of stakeholders generally; and
- (d) the proposed form of order incorporates the standard qualification that only the receiver, in its personal capacity, and only with respect to its personal liability, shall be entitled to rely upon or utilize such approval.<sup>2</sup>

[22] Although the result here is far from perfect, it appears to be the best result attainable within a reasonable period of time.

[23] Third, the Receiver seeks approval of its fees and those of its counsel. I have reviewed the docket entries of both the receiver and its counsel and am satisfied that those fees are reasonable. The Receiver's accounts for the period from December 3, 2024 to June 30, 2026, for a total amount of \$116,638.08, are approved as are the accounts of the Receiver's independent counsel, Robins Appleby, for the period from December 16, 2024 to July 17, 2026, for a total amount of \$37,234.47, both amounts inclusive of HST.

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<sup>2</sup> *Triple-I Capital Partners Limited v. 12411300 Canada Inc.*, 2023 ONSC 3400 (Commercial List) at para. 66.

[24] Fourth, the Receiver seeks an Order sealing the Confidential Appendices in the First Report, (the summary of listing proposals and the unredacted agreement of purchase and sale) pending closing of the Transaction or further Order of this Court.

[25] In *Sherman Estate v. Donovan*,<sup>3</sup> 2021 SCC 25 the Supreme Court of Canada held that an applicant for a sealing order must establish that:

- (1) court openness poses a serious risk to an important public interest;
- (2) the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and,
- (3) as a matter of proportionality, the benefits of the order outweigh its negative effects.

[26] All 3 factors are satisfied here. The documents the Receiver seeks to seal contain information which could prejudice any subsequent sale if the proposed sale does not close. There is an important public interest in allowing receivers to maximize value. Sealing the documents is the only way to protect that interest. The sealing order is proportionate. The balance of the court file is public. I am satisfied that the benefits of sealing outweigh the limited negative effects on the open courts principle.

[27] The Objecting Parties seek their own relief, principally in the form of an adjournment of this motion to permit the production of information from the Receiver including unredacted versions of all commercial documents relevant to the proposed transaction. The Objecting

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<sup>3</sup> *Sherman Estate v. Donovan*, 2021 SCC 25 at para. 38.

Parties, however, wish to receive that information but still be permitted to bid on the project after receiving it.

[28] I dismiss the motion of the Objecting Parties. The ultimate basis of their motion is that they have been deprived of the opportunity to participate in the sale. As noted above, on the record before me I do not accept that submission. It would also seriously undermine the receivership process if an interested party could receive the commercial terms of a competitor so that it could put in its own bid with knowledge of a competitor's bid.

[29] As a result of the foregoing, I approve the transactions subject to the inclusion of a provision in the vesting order that release all guarantees in relation to the property in favour of First Source other than from Ms. Oliver and a provision that makes clear that the orders in connection with the transaction do not affect any rights that the Objecting Parties have against Ms. Oliver arising out of their direct or indirect investment in the Property

**Date:** August 25, 2026

A handwritten signature in blue ink, appearing to read 'J. Koehnen', is positioned above a horizontal line.

Koehnen J.