

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV**

Respondents

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Tab 1

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

NOTICE OF MOTION

SF Partners Inc., in its capacity as the Court-appointed Receiver (the “**Receiver**”) of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the “**Debtors**”) will make a motion to a Judge presiding over the Commercial List, on Friday, the 24th day of October, 2014 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. If necessary, an Order abridging the time for service of the Receiver's Motion Record, validating service of the Motion Record and dispensing with further service thereof;
2. an Order compelling Altaf Soorty and Zoran Cocov (collectively, the "**Individual Debtors**") to forthwith deliver to the Receiver all of the books and records of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd. (the "**Corporate Debtors**") and all books and records pertaining to a parcel of real estate in Rama, Ontario owned by the Individual Debtors;
3. an Order approving the First Report of the Receiver dated July 11, 2014 (the "**First Report**"), the activities of the Receiver to date and the proposed continuing actions of the Receiver as described in the First Report;
4. an Order approving the sales process proposed by the Receiver in the First Report;
5. directions with respect to the lifting of the stay of proceedings against the Individual Debtors in order to permit Romspen Investment Corporation ("**Romspen**") to pursue the Individual Debtors under its loan to the Debtors;
6. such further and other relief as this Honourable Court may consider just.

THE GROUNDS FOR THIS MOTION ARE:

1. By Order of Justice Brown dated May 5, 2014, SF Partners Inc. was appointed receiver and construction lien trustee of the assets, undertakings and properties of the Corporate

Debtors and of a parcel of real estate in Rama, Ontario (and the proceeds arising therefrom) owned by the Individual Debtors;

2. The assets subject to the Receiver's administration (collectively, the "**Properties**") are comprised of: (a) five (5) parcels of vacant land in Rama, Ontario, consisting in the aggregate of approximately 76.68 acres; (b) six (6) parcels of vacant land in Cambridge, Ontario, consisting in the aggregate of approximately 3.69 acres; and (c) three (3) parcels of land in Midland Ontario, upon which is situated a partially-constructed 4 storey residential condominium building with approximately 53 units (the "**Condominium Project**"). The Midland lands also include 16.3 acres of vacant land;
3. The Receiver's appointment was obtained by Romspen in connection with a loan which matured on September 1, 2013 and was not repaid. Romspen holds first and second mortgages over the Properties as security for the loan. It also holds *PPSA*-registered security over the Debtors' personal property in connection with general security agreements. As of January 3, 2014, the amount owing under Romspen's loan to the Debtors was approximately \$12 million;
4. Since its appointment, the Receiver has taken possession of the Properties, had ongoing correspondence and communication with stakeholders, dealt with appraisers and other consultants, had discussions and meetings with potentially-interested parties and reviewed reports and financial information pertaining to the Properties;
5. Shortly following the Receiver's appointment, Altaf Soorty requested that the Receiver organize a meeting with Romspen to discuss terms and a method to enable him to regain control of the Properties;
6. On May 13, 2014, the Receiver and several representatives of Romspen met with the Individual Debtors, both separately and together. The Individual Debtors presented various scenarios at the meeting whereby they would purchase all or some of the

properties from the Receiver, or alternatively, pay off the Romspen debt in full or in part, in order to regain control of the Properties. Romspen was receptive to receiving an offer from the Individual Debtors. To date, the Receiver has had no further communications or offers from the Individual Debtors in connection with these discussions;

7. The Receiver has met with the Individual Debtors to discuss the Properties and has advised them in person and in writing, repeatedly, that it requires books and records relating to the Corporate Debtors, the properties and the Rama parcel owned by the Individual Debtors. As of this date, no books, records or other information have been delivered;
8. As part of its due diligence and in order to inform itself as to the value of the Properties, including the Condominium Project, the Receiver has engaged Valco Consultants, an independent real estate appraisal and consulting firm. The Receiver anticipates receiving completed appraisals within two weeks;
9. After considering its realization options, including implementing a process to list the properties for sale and a tender process, the Receiver has formed the view that a tender process will provide the best opportunity to maximize recoveries in a timely manner;
10. Given the partially completed state of construction of the Condominium Project, there will likely be a limited number of interested purchasers. The Receiver believes it can identify prospective purchasers through advertisements and through its own database, and that a broader listing process would be less appropriate;
11. The Receiver has extensive experience in selling partially-complete developments, and has successfully marketed and sold, by tender, such properties in the past. The Receiver has developed a number of contacts whom it believes may be interested in purchasing the properties. Although it has yet to formally begin its sale process, to date, the Receiver has already received interest from potential purchasers;

12. The Receiver proposes to implement a twelve (12) week sales process as described in greater detail in the First Report. The process would involve, *inter alia*, developing a list of potentially-interested parties, preparing a marketing and information package for distribution to interested parties who have signed confidentiality agreements, creating an on-line data room to be accessed by interested parties who have signed confidentiality agreements, preparing a form of offer, and placement of newspaper advertisements in the national edition of Globe and Mail and in the National Post;
13. Recently, Romspen made written demand on the Individual Debtors and served them with s. 244 notices under the *BIA*. The Individual Debtors have taken the position that by virtue of the stay proceedings imposed under the order appointing the Receiver, Romspen's demands and *BIA* notices are invalid;
14. The Receiver seeks directions on whether the stay should be lifted. The Receiver notes that under the terms of the order appointing the Receiver, the ambit of its administration over the Individual Debtors is limited solely to the parcel in Rama which is registered in their names, and the proceeds arising therefrom;
15. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:

1. The First Report of the Receiver; and
2. Such further and other evidence as counsel may advise and this honorable court may permit.

July 14, 2014

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Tab 2

IN THE MATTER OF THE RECEIVERSHIP OF

**6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc.,
1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd.,
Altaf Soorty and Zoran Cocov**

First Report of SF Partners Inc.

Court File No. CV-14-10470-00CL

Hugel Lofts Ltd., et al.
First Report of SF Partners Inc.

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Court File No. CV-14-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

**IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*,
R.S.O. 1990, C. C.30, AS AMENDED**

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

-and-

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAf SOORTY, ZORAN COCOV and CASINO R.V RESORTS INC.**

Respondents

FIRST REPORT OF SF PARTNERS INC.

July 11, 2014

I INTRODUCTION

1. By Order of the Honourable Mr. Justice D.M. Brown dated May 5, 2014, SF Partners Inc. was appointed as receiver and construction lien trustee (in such capacities, the “**Receiver**”) of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc. and 2033387 Ontario Inc., Hugel Lofts Ltd. (collectively, the “**Corporate Debtors**”) and of a parcel of real estate (and the proceeds arising therefrom) owned by Altaf Soorty and Zoran Cocov (collectively, the “**Individual Debtors**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, section 101 of the *Courts of Justice Act* and section 68 of the *Construction Lien Act* (the “**Receivership Order**”). A copy of the Receivership Order is attached as **Appendix “A”** to this First Report.
2. The Corporate Debtors and the Individual Debtors are hereinafter referred to collectively as the “**Debtors**”.
3. The purpose of this First Report is to:
 - a) seek this Honourable Court’s approval of the actions of the Receiver to date;
 - b) seek an Order of this Honourable Court compelling the Individual Debtors to forthwith deliver to the Receiver all of the books and records of the Corporate Debtors and all books and records of the parcel of real estate owned by the Individual Debtors which is subject to the Receivership Order;
 - c) advise this Honourable Court and to seek approval of the Receiver’s intended continuing course of action, including the Receiver’s proposed sale process as described herein, in respect of the property and assets under its administration; and
 - d) seek directions with respect to lifting the stay of proceedings against the Individual Debtors for the purpose hereinafter described.

II BACKGROUND

4. The assets subject to the Receivership Order are comprised of:

- (a) five (5) parcels of vacant land in Rama, Ontario, consisting in the aggregate of approximately 76.68 acres (the “**Rama Lands**”);
 - (b) six (6) parcels of vacant land in Cambridge, Ontario, consisting in the aggregate of approximately 3.69 acres (the “**Cambridge Lands**”); and
 - (c) three (3) parcels of land in Midland Ontario (the “**Midland Lands**”), upon which is situate a partially-constructed 4-storey residential condominium building with approximately 53 units (the “**Condominium Project**”). The Midland Lands also include 16.3 acres of vacant land.
5. The Rama Lands, the Cambridge Lands and the Midland Lands, including the Condominium Project, are hereinafter referred to collectively as the “**Properties**”.
 6. The Receivership Order was obtained by Romspen Investment Corporation (“**Romspen**”) in connection with a loan which matured on September 1, 2013. The loan was not repaid and was not being serviced. Romspen holds first and second mortgages over the Properties as security for the loan. It also holds *PPSA*-registered security over the Debtors’ personal property in connection with general security agreements. As of January 3, 2014, the amount owing under Romspen’s loan to the Debtors was approximately \$12 million.

The Midland Lands and the Condominium Project

7. The Midland Lands and the Condominium Project are owned by Hugel Lofts Ltd. and are located near downtown Midland, adjacent to a marina, with nearby access to the Georgian Bay. The Condominium Project was previously marketed as “Marina Park”.
8. Romspen holds an assignment of a first mortgage securing a face amount of \$3.1 million in favour of Laurentian Bank of Canada over the Midland Lands and the Condominium Project, as well as a second mortgage securing a face amount of \$16 million. Romspen is also the sole *PPSA* registrant over Hugel Lofts Ltd.

9. Prior to the Receiver's appointment, the Condominium Project was at a standstill. Numerous construction liens were registered in December of 2103. The lien claims total, in the aggregate, approximately \$2.25 million.
10. The Receiver understands that at present, the Condominium Project is approximately 40% complete. Although significant work has been performed on the exterior of the building, the interior requires considerable work, including, *inter alia*, electrical, plumbing, significant drywalling and installation of kitchens and washrooms.
11. There are various construction materials currently located on the Condominium Project site, including materials that may be owned by third parties. The Receiver was advised by Sierra Construction (Woodstock) Limited, the general contractor, that certain sub-contractors will soon be filing claims in respect of such materials.

The Rama Lands

12. Of the five (5) parcels comprising the Rama Lands, two (2), which together total 63.27 acres, are owned by 6711162 Canada Inc., two (2), which together total 12.41 acres, are owned by 179257 Ontario Inc. and one (1), which is a 1.01 acre parcel of shoreline land, is owned by the Individual Debtors.
13. The shoreline parcel, owned by the Individual Debtors, is subject to a first mortgage held by the Toronto-Dominion Bank in the face amount of \$568,750. Romspen's mortgage, in the face amount of \$16 million, ranks behind the Toronto-Dominion Bank but is otherwise first-ranking against the other parcels comprising the Rama Lands.
14. Romspen is the sole *PPSA* registrant over 6711162 Canada Inc. and 1794247 Ontario Inc. It holds subordinate-in-time *PPSA* registrations over the Individual Debtors.

The Cambridge Lands

15. Of the six (6) parcels comprising the Cambridge Lands, two (2), which together total less than an acre, are owned by 1387267 Ontario Inc., three (3), which together total 1.1 acres, are owned by 2033387 Ontario Inc. and one (1) 1.59 acre parcel is owned by 2033387 Ontario Inc.
16. Romspen's mortgage, in the face amount of \$16 million, is first ranking against the parcels owned by 1387267 Ontario Inc. and second ranking behind a first mortgage held by Financial Services Inc. and The Canada Trust Company, in the principal amount of \$300,000.
17. Romspen is also the sole *PPSA* registrant over 1387267 Ontario Inc. and 1564168 Ontario Inc.. Its *PPSA* registration over 2033387 Ontario Inc. is subordinate-in-time to a registration in favour of Her Majesty in Right of Ontario represented by the Minister of Finance.

III RECEIVER'S INITIAL ACTIONS

18. Since its appointment, the Receiver has undertaken the following activities:
 - It has taken possession of the Properties;
 - It has had ongoing correspondence and communication with stakeholders including meetings, telephone calls and written communication;
 - It has dealt with appraisers and with other consultants;
 - It has attended at the sites;
 - It has had discussions and meetings with potentially-interested parties;
 - It has established and maintained a Case Website (pursuant to the Receivership Order) and located at: http://www.sfgroup.ca/company-files.php?company_id=15; and
 - It has reviewed of various reports, financial information, etc pertaining to the Properties.

IV COMMUNICATIONS WITH THE INDIVIDUAL DEBTORS

Meetings

19. Upon its appointment, the Receiver contacted the Individual Debtors to arrange a meeting to discuss the Properties and other related matters in respect of the administration.
20. On May 5, 2014, Brahm Rosen of the Receiver met with Altaf Soorty at the Receiver's office. A variety of matters were discussed including, *inter alia*:
 - a) Mr. Soorty advised that he wished to work with the Receiver and that he intended to forthwith make arrangements to repay Romspen and to take the Debtors out of receivership or to purchase the Properties from the Receiver;
 - b) the Receiver advised that it would require various books and records and other documentation relating to the Corporate Debtors and the Rama parcel owned by the Individual Debtors. Mr. Soorty advised that he would co-operate in this regard, and it was agreed that the Receiver would email a list to him (the noted list was emailed to Soorty on May 7, 2014, as discussed below); and
 - c) Mr. Soorty requested that the Receiver organize a meeting with Romspen to discuss terms and a method to enable him to regain control of the Properties. The Receiver arranged a meeting on May 13, 2014
21. On May 13, 2014, Mr. Rosen together with Wesley Roitman and Richard Weldon of Romspen met with Messrs. Soorty and Cocov, both separately and together. At the meeting, both Messrs. Soorty and Cocov presented various scenarios where they would purchase all or some of the Properties from the Receiver, or alternatively, pay off the Romspen debt in full or partially in order to regain control of the Properties. Romspen was receptive to receiving an offer and encouraged Messrs. Soorty and Cocov to present same as soon as possible. To date, the Receiver has had no further communications or offers from either Soorty or Cocov.

Books and Records

22. On May 7, 2014 and May 8, 2014, the Receiver wrote to Messrs. Soorty and Cocov respectively, in order to request and to facilitate the delivery of the books and records of the Debtors to the Receiver.
23. The Receiver sent follow-up letters and emails to them on three subsequent occasions in this respect. Copies of the Receiver's requests are attached as **Appendix "B"**.
24. On May 16, 2014, Joel Ross of the Receiver met with Mr. Cocov at the Receiver's office to again advise him of his responsibility to provide the books and records to the Receiver. Mr. Cocov advised Mr. Ross that he would email his bookkeeper and accountant to request the information from them, as they likely had what was needed. On May 20, 2014, Mr. Cocov sent emails to two individuals, requesting that they provide to the Receiver the documents noted in its letter of May 8, 2014. The Receiver has received nothing from either of the individuals.
25. To date, the Receiver has not received any of the requested information. In the circumstances, the Receiver seeks an Order of this Honourable Court compelling the Individual Debtors to forthwith deliver to the Receiver all of the books and records of the Corporate Debtors and all books and records of the Rama parcel owned by the Individual Debtors.

V APPRAISALS OF PROPERTIES

26. As part of its due diligence and in order to inform itself as to the value of the Properties, including the Condominium, the Receiver has engaged Valco Consultants, an independent real estate appraisal and consulting firm. The Receiver anticipates receiving completed appraisals within two weeks.

VI SALES PROCESS

27. After considering its realization options, including both a listing process as well as a tender process, the Receiver believes that a tender process will provide the best opportunity to

maximize recoveries in a timely manner. The following factors have influenced the Receiver’s decision:

- a) Given the current state of construction of the Condominium Project, there will likely be a very limited number of parties interested in it. The Receiver believes it can identify these parties through advertisements and through its own database, and that a broader listing would be less appropriate;
- b) The Receiver has extensive experience in selling partially-complete developments, and has successfully marketed and sold, by tender, such properties in the past; and
- c) The Receiver has developed a number of contacts whom it believes may be interested in purchasing the Properties. Although it has yet to formally begin its sale process, to date, the Receiver has already received interest from potential purchasers. A tender process will allow the Receiver to present this opportunity to all of the parties which it believes may be interested in the Properties.

Proposed Sales Process

28. The Receiver believes that a sales process of approximately twelve weeks will allow sufficient time to adequately market the Properties. In this regard, the Receiver has prepared a twelve-week timeline which it proposed to follow:

Week 1	<ul style="list-style-type: none"> - Receiver to develop list of potentially-interested parties - Receiver to prepare teaser and confidentiality agreement for distribution to potentially-interested parties - Receiver to prepare marketing and information package for distribution to interested parties who have signed confidentiality agreements - Receiver to create a customized on-line data room to be accessed by interested parties who have signed
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	<p>confidentiality agreements</p> <ul style="list-style-type: none"> - Receiver to gather financial and other due-diligence information for upload to the data room - Receiver to prepare form of offer
First day, week 2	<ul style="list-style-type: none"> - Receiver to place newspaper advertisement in the <i>Globe and Mail</i> (national edition) and <i>National Post</i> newspapers, as well as industry publications
Weeks 2 through 9 (inclusive)	<ul style="list-style-type: none"> - Receiver to contact all identified potentially interested parties and advise regarding the opportunity, including distribution of teaser - Receiver to facilitate due-diligence of interested parties by distributing confidentiality agreement, arranging for access to on-line data room, distributing information package, responding to requests for additional information, arranging and conducting tours of Properties
Final day, week 9	<ul style="list-style-type: none"> - Deadline for offers from prospective purchasers
First day, week 10	<ul style="list-style-type: none"> - Selection of successful purchaser and distribution of purchase agreement to successful purchaser
Week 10	<ul style="list-style-type: none"> - Receiver and successful purchaser to finalize purchase agreement
Week 11	<ul style="list-style-type: none"> - Conditional period (if required) for the successful purchaser
First day, week 12	<ul style="list-style-type: none"> - Deadline for waiver of conditions by successful purchaser
As soon as possible after waiver of conditions	<ul style="list-style-type: none"> - Court approval of purchase agreement and vesting order

VII CONTINUING ACTIONS OF THE RECEIVER

29. The Receiver intends to take the following continuing actions:

- a) undertake the sales process identified above; and
- b) deal with the stakeholders on an ongoing basis.

VIII DIRECTIONS WITH RESPECT TO LIFTING OF STAY

30. Recently, Romspen made written demand on the Individual Debtors and served them with notices pursuant to Section 243 of the *BIA*. The Individual Debtors have taken the position that by virtue of the stay of proceedings imposed under the Receivership Order, the aforesaid demand and *BIA* notices are invalid.
31. The Receiver seeks directions on the question of whether the stay of proceedings should be lifted. The Receiver notes that under the terms of the Receivership Order, the ambit of the Receiver's administration over the Individual Debtors is limited solely to the shoreline parcel in Rama which is registered in their name, and the proceeds arising therefrom.

IX RECOMMENDATION

32. On the basis of the foregoing, the Receiver respectfully requests that this Honourable Court grant an Order:
 - a) approving the Receiver's actions to date;
 - b) compelling the Individual Debtors to forthwith deliver all of the books and records of the Corporate Debtors and the books and records pertaining to the Individual Debtors' Rama parcel;
 - c) approving the Receiver's proposed continuing actions, including its proposed sales process; and
 - d) providing directions with respect to lifting the stay of proceedings against the Individual Debtors as hereinabove set out.

All of which is respectfully submitted.

Dated at Toronto, Ontario, this 11th day of July, 2014.

**SF PARTNERS INC., SOLELY IN ITS CAPACITY AS
COURT-APPOINTED RECEIVER OF
6711162 CANADA INC., 1794247 ONTARIO INC.,
1387267 ONTARIO INC., 1564168 ONTARIO INC.,
2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV;
NOT IN A PERSONAL OR CORPORATE CAPACITY**

SF Partners Inc.

Tab A

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	MONDAY, THE 5TH
)	
JUSTICE D.M. BROWN)	DAY OF MAY, 2014

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV and CASINO R.V RESORTS INC.**

Respondents

ORDER

THIS APPLICATION made by Romspen Investment Corporation (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"), section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") and section 68 of the *Construction Lien Act*, R.S.O. 1990, c. C.30, as amended (the "CLA"), appointing SF Partners Inc. as receiver and construction lien trustee (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties

of the Respondents acquired for, or used in relation to a business carried on by them, was heard on Friday, May 2, 2014 at 330 University Avenue, Toronto, Ontario.

ON READING:

- (a) the affidavit of Wesley Roitman sworn April 4, 2014, and the exhibits thereto;
- (b) the affidavit of Altaf Soorty sworn April 17, 2014, and the exhibits thereto;
- (c) the affidavit of Zoran Cocov sworn April 17, 2014, and the exhibit thereto;
- (d) the reply affidavit of Wesley Roitman sworn April 21, 2014 and the exhibits thereto;
- (e) the affidavit of Altaf Soorty sworn April 23, 2014, and the exhibits thereto;
- (f) the affidavit of Altaf Soorty, sworn April 28, 2014, and the exhibit thereto;
- (g) the affidavit of Altaf Soorty sworn April 28, 2014, and the exhibits thereto, filed in the proceedings in Court File No. CV-14-10529-00CL;
- (h) the responding affidavit of Wesley Roitman, sworn May 1, 2014, and the exhibits thereto, filed in the proceedings in Court File No. CV-14-10529-00CL; and
- (i) the reply affidavit of Altaf Soorty sworn May 2, 2014, and the exhibits thereto, filed in the proceedings in Court File No. CV-14-10529-00CL,

and on hearing the submissions of counsel for the Applicant, counsel for 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd. and Casino R.V Resorts Inc., counsel for Altaf Soorty and Zoran Cocov and counsel for Pezzack Financial Services Inc. and The Canada Trust Company, no one appearing for any other person although duly served as appears from the affidavits of service, and on reading the consent of SF Partners Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record 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, subject to paragraph 3 of this Order, pursuant to section 243(1) of the BIA, section 101 of the CJA and section 68 of the CLA, SF Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Respondents 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property").

3. THIS COURT ORDERS that, notwithstanding anything else contained in this Order, the Receiver's appointment over the Respondents Altaf Soorty and Zoran Cocov shall be limited only to the real property listed in Schedule "A" hereto and the proceeds arising therefrom.

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, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (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 to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (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 Debtors, 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 Debtors, 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 \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; 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 Debtors;
 - (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to

enter into occupation agreements for any property owned or leased by the Debtors;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their 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 Debtors, 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 6 or in paragraph 7 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.

NO PROCEEDINGS AGAINST THE RECEIVER

8. 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 DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or 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 Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, 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 Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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

11. 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 Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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 Debtors 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 Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, 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 Debtors 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

13. 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") and 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

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' 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

15. 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 Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. 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

17. 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

18. 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 and, in the case of the Property of 1564168 Ontario Inc. and 2033387 Ontario Inc., the mortgage registered in favour of Pezzack Financial Services Inc. and The Canada Trust Company.

19. 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.

20. 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 normal 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

21. 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 \$500,000.00 (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 and, in the case of the Property of 1564168 Ontario Inc. and 2033387 Ontario Inc., the mortgage registered in favour of Pezzack Financial Services Inc. and The Canada Trust Company.

22. 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.

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

24. 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

25. 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 with the following URL: http://www.sfgroup.ca/company-files.php?company_id=14.

26. 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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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

27. 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.

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

29. 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.

30. 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.

31. THIS COURT ORDERS that, if the parties cannot settle the costs of this application and the application in Court File No. CV-14-10529-00CL, the Applicant may serve and file written costs submissions together with a Bill of Costs, by May 16, 2014 and any party against whom costs are sought may serve and file responding written submissions by May 29, 2014. The costs submissions shall not exceed three pages in length, excluding the bill of costs.

32. 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

CASINO R.V RESORTS INC.

33. THIS COURT ORDERS that leave is granted to add Casino R.V Resorts Inc. as a Respondent to this application.

34. THIS COURT ORDERS that, notwithstanding paragraph 33 of this Order, this application is dismissed against Casino R.V Resorts Inc. and, for greater certainty, the term "Debtors" defined in paragraph 2 of this Order shall exclude Casino R.V Resorts Inc.

SEALING OF CONFIDENTIAL EXHIBITS

35. THIS COURT ORDERS that Confidential Exhibits 1, 2 and 3 to the Affidavit of Wesley Roitman sworn May 1, 2014 filed in the proceedings in Court File No. CV-14-10529-00CL be and are hereby sealed pending further Order of this Court.



**G. Argyropoulos, Registrar
Superior Court of Justice**

ENTERED IN TRANSCRIPT AT TORONTO
ON 15/05/14
LEAVE THE REG. STAMP NO.

MAY 30 2014



SCHEDULE "A"

PIN 58696-0219 LT

Description Consolidation of various properties – Pt Lot 3 Con BF Rama Pt 1, 51R25909; T/W RO 130544 except 2nd T/W; T/W R-O-W over Pts 6 & 7 51R30563 and Pt 4 51R30736 as in SC286231, Part Lt 3 Con BF Rama Pt 5 40R645, T/W RAM141949, T/W RAM174031; Ramara

Address 4271/4275 Hopkins Bay Road

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that SF Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 5th day of May, 2014 (the "Order") made in an application having Court file number CV-14-10470-00CL, 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 _____, 2014.

SF PARTNERS INC., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

ROMSPEN INVESTMENT CORPORATION
Applicant

-and- **6711162 CANADA INC. et al**
Respondents

Court File No. CV-10-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

ZALDIN AND FINE LLP
Barristers & Solicitors
60 Yonge Street
Suite 900
Toronto, Ontario, M5E 1H5

STEPHEN R. JACKSON
LSUC Registration No. 21708P
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Lawyers for the Applicant

Tab B

SF Partners
 1950 Yonge Street, 4th Floor
 Toronto, Ontario
 Canada M2N 6K1
 T 416.250.1212
 F 416.216.7553
 info@sf.ca

VIA EMAIL: al@soortys.com
alsoorty@rogers.com

May 7, 2014

Altat Soorty
 c/o Arkadi Bouchelev
 401 Bay Street, Suite 2112
 Toronto, ON M5H 2Y4

Dear Mr. Soorty:

Re: Receivership of Hugel Lofts Ltd., et al. (the “Companies”)

Pursant to the Reasons for Decision of the Honourable Mr. Justice Brown dated May 5, 2014 regarding the application of Romspen Investment Corporation for the appointment of a receiver in respect of Hugel Lofts Ltd. et al., we understand that an order respecting our appointment as receiver will likely be issued shortly.

A copy of the Reasons of Mr. Justice Brown is attached herewith for your reference.

In view of our forthcoming appointment, we request the following information:

- All books and records of the Companies, including, but not limited to:
 - o Bank statements for all accounts owned by the Companies
 - o Copies of all HST returns filed in respect of the Companies, including back-up information to quantify the filings
 - o Copies of all source deduction remittances filed in respect of the Companies, including back-up information to quantify the filings
 - o Copies of all income tax returns filed in respect of the Companies
 - o Copies of current statements of account for the Companies' Canada Revenue Agency accounts
- Information pertaining to each of the employees of the Companies, by company, including, but not limited to:
 - o Name, complete address, social insurance number, position, salary (daily/weekly/monthly/annual), date started, date fired/quit
 - o Details of wages and/or vacation pay owed to employees
- Copies of all insurance policies currently in place for all properties owned by the Companies
- Creditor lists for all Companies, including trust, secured and unsecured creditors
- Copies of all contracts between the Companies and building, construction or other contractors
- Copies of any plans and studies in respect of property owned by the Companies including:
 - o Site plans, building plans or any other plans
 - o Environmental studies, noise studies, or any other studies

- Copies of any deficiency or other notices issued by governmental or quasi-governmental agencies in respect of any property owned by the Companies
- Lease agreements, if any, for any lessees of properties owned by the Companies
- Lease agreements, if any, for assets leased by any of the Companies
- Contact information for security people at the various properties
- Any other books or records relating to the companies

We would like to attend at the Condo Project and the Midland Lands as soon as possible. Please advise of a time in which you will be available to meet with us at the premises.

If you have any questions with respect to the foregoing, please contact the undersigned at 416-646-8079, or by email at jross@sfgroup.ca.

Yours truly,
SF Partners Inc.

per:



Joel Ross

SF Partners Inc.
 1950 Yonge Street, 4th Floor
 Toronto, Ontario
 Canada M2N 6K1
 T 416-250-1212
 F 416-294-1500
 A sf@sfpartners.ca

VIA EMAIL: cocov@rogers.com

May 7, 2014

Zoran Cocov
 c/o Arkadi Bouchelev
 401 Bay Street, Suite 2112
 Toronto, ON M5H 2Y4

Dear Mr. Cocov:

Re: Receivership of Hugel Lofts Ltd., et al. (the "Companies")

Pursant to the Reasons for Decision of the Honourable Mr. Justice Brown dated May 5, 2014 regarding the application of Romspen Investment Corporation for the appointment of a receiver in respect of Hugel Lofts Ltd. et al., we understand that an order respecting our appointment as receiver will likely be issued shortly.

A copy of the Reasons of Mr. Justice Brown is attached herewith for your reference.

In view of our forthcoming appointment, we request the following information:

- All books and records of the Companies, including, but not limited to:
 - o Bank statements for all accounts owned by the Companies
 - o Copies of all HST returns filed in respect of the Companies, including back-up information to quantify the filings
 - o Copies of all source deduction remittances filed in respect of the Companies, including back-up information to quantify the filings
 - o Copies of all income tax returns filed in respect of the Companies
 - o Copies of current statements of account for the Companies' Canada Revenue Agency accounts
- Information pertaining to each of the employees of the Companies, by company, including, but not limited to:
 - o Name, complete address, social insurance number, position, salary (daily/weekly/monthly/annual), date started, date fired/quit
 - o Details of wages and/or vacation pay owed to employees
- Copies of all insurance policies currently in place for all properties owned by the Companies
- Creditor lists for all Companies, including trust, secured and unsecured creditors
- Copies of all contracts between the Companies and building, construction or other contractors
- Copies of any plans and studies in respect of property owned by the Companies including:
 - o Site plans, building plans or any other plans
 - o Environmental studies, noise studies, or any other studies

- Copies of any deficiency or other notices issued by governmental or quasi-governmental agencies in respect of any property owned by the Companies
- Lease agreements, if any, for any lessees of properties owned by the Companies
- Lease agreements, if any, for assets leased by any of the Companies
- Contact information for security people at the various properties
- Any other books or records relating to the companies

We would like to attend at the Condo Project and the Midland Lands as soon as possible. Please advise of a time in which you will be available to meet with us at the premises.

If you have any questions with respect to the foregoing, please contact the undersigned at 416-646-8079, or by email at jross@sfgroup.ca.

Yours truly,
SF Partners Inc.

per:



Joel Ross

Joel Ross

From: Al Soorty [al@soortys.com]
Sent: Friday, May 09, 2014 3:43 PM
To: Joel Ross; alsoorty@rogers.com
Cc: 'Zoran Cocov'; 'Domenico Magisano'
Subject: RE: Receivership of Hugel Lofts Ltd., et al.

Importance: High

I will be away and there is absolutely no documents at my office it is probably not even the registered office .

KINDLY DO NOT SHOW UP WITHOUT AN APPOINTMENT..

Zoran's cell is 4164007976/.

Home is 9058462388

Al Soorty

R.M.S. Holdings Inc.
 18 Truman Road
 Toronto ON M2L 2L5
al@soortys.com

From: Joel Ross [<mailto:jross@sfgroup.ca>]
Sent: May-09-14 1:14 PM
To: al@soortys.com; alsoorty@rogers.com
Cc: 'Zoran Cocov'
Subject: RE: Receivership of Hugel Lofts Ltd., et al.

Mr Soorty

I have heard no response from Mr. Cocov.

I will attend at your office this coming Monday, May 12 at 1:00pm to retrieve all of the information I have requested.

Yours truly

JOEL ROSS, CPA, CA, CIRP
 Vice President

SF PARTNERS 
 Financial Services Group

Direct: 416 646 8079
 Fax: 416 250 5083
 Tel: 416 250 1212 Ext 241
 Email: jross@sfgroup.ca

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 4950 Yonge Street, 4th Floor
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Consider the environment; please don't print this email unless you really need to.

From: Al Soorty [<mailto:al@soortys.com>]
Sent: Wednesday, May 07, 2014 7:08 PM
To: Joel Ross; alsoorty@rogers.com
Cc: 'Zoran Cocov'
Subject: RE: Receivership of Hugel Lofts Ltd., et al.

Mr. Ross, As you are aware I am not a director of the corporation however I do have some intimate knowledge about the dos and dont's of corporation our books and records are in shambles no tax return to my knowledge have been filed but the best person to get any and all info would be Zoran he can be reached at 4164007976..

Good luck .

Al Soorty

R.M.S. Holdings Inc.
 18 Truman Road
 Toronto ON M2L 2L5
al@soortys.com

From: Joel Ross [<mailto:jross@sfgroup.ca>]
Sent: May-07-14 6:33 PM
To: al@soortys.com; alsoorty@rogers.com
Subject: Receivership of Hugel Lofts Ltd., et al.

Mr. Soorty

Please see the attached letter.

Yours truly

JOEL ROSS CPA, CA, CIRP
 Vice President

SF PARTNERS 
Senior Financial Advisors & Accountants

Direct: 416 646 8079
 Fax: 416 250 5083
 Tel: 416 250 1212 Ext 241
 Email: jross@sfgroup.ca

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Consider the environment; please don't print this email unless you really need to.

Joel Ross

From: Joel Ross
Sent: Friday, May 16, 2014 4:39 PM
To: 'Zoran Cocov'
Cc: Brahm Rosen
Subject: Books and records

Mr Cocov

Further to our meeting of earlier today, you mentioned that you would be emailing your bookkeeper and accountant and advising them to provide to us the information that we have requested.

You advised that you would cc me on such email.

Please advise whether the email has been sent, and if not, please send forthwith. As you know, we need all of the requested information forthwith.

Please also provide the contact information for your accountant and bookkeeper.

Thank you

JOEL ROSS, CPA, CA, CFP
 Vice President



Direct: 416 646 8079
 Fax: 416 250 5083
 Tel: 416 250 1212 Ext 241
 Email: jrc@fgroup.ca

SF Partners Inc.
 4950 Yonge Street, 4th Floor
 Toronto, Ontario
 Canada M2N 6K1
 www.fgroup.ca

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Consider the environment; please don't print this email unless you really need to.

SF Partners Inc.
4950 Yonge Street, 4th Floor
Toronto, Ontario
Canada M2N 6K1T 416.250.1212
F 416.250.1213

June 4, 2014

Altaf Soorty
12 Regentview Drive
Brampton, ON L6G 3Z2Zoran Cocov
12 Regentview Drive
Brampton, ON L6G 3Z2

Dear Sirs:

Re: Hugel Lofts Ltd., et al.

As you are aware, by order of the Honourable Mr. Justice Brown of the Ontario Superior Court of Justice dated May 5, 2014 (the "**Appointment Order**"), SF Partners Inc. was appointed as receiver (the "**Receiver**") over all of the assets, undertakings and properties of Hugel Lofts Ltd., et al (the "**Debtors**"). A copy of the Appointment Order is attached herewith for your information.

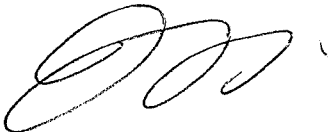
Over the past month, we have requested on several occasions the books and records of the Debtors. Despite our requests, we have yet to receive same. A copy of our letter of May 7, 2014 highlighting the requested information is attached herewith for your information.

Your attention is drawn to paragraphs 6 and 7 of the Appointment Order, which state, among others, that the books and records of the Debtors, including electronic books and records are to be provided to the Receiver immediately. Please provide the requested information forthwith.

If you have any questions regarding the foregoing, please contact the undersigned at 416-646-8079, or at jross@sfgroup.ca.

Yours truly,
SF Partners Inc.
Court-appointed receiver of
Hugel Lofts Ltd., et al.

per:



Joel Ross

Tab 3

Commercial List File Number:	YR/CL#####	CV-14-10470-00CL
Civil File Number:	YR/CV#####	

Date: September 5, 2014

SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST
9:30 A.M. HEARING REQUEST FORM

A	PLEASE NOTE: The 9:30 hearing procedure is only for "ex parte, urgent, scheduling and consent matters which take no longer than 10 minutes" (Practice Direction, (2002), 57 O.R. (3 rd) 97; paragraph 25). This restriction will be enforced. This matter is (tick one or more); <input type="checkbox"/> ex parte <input type="checkbox"/> urgent <input checked="" type="checkbox"/> scheduling <input type="checkbox"/> consent <input type="checkbox"/> other (explain)
B	Short Title of Proceeding: Romspen Investment Corporation v. 6711162 Canada Inc. et al
C	Date(s) Requested: Thursday, September 11, 2014
D	The following is a brief description of the matter to be considered at the 9:30 appointment: To schedule Receiver's motion for approval of process to market and sell assets subject to its administration.
E	The following materials will be necessary for the matter to be considered. (it is the responsibility of counsel to confirm that the proper materials are available for the Court.) N/A
F	Is any Judge seized of these matters or any judicial conflicts? <input checked="" type="checkbox"/> No <input type="checkbox"/> The Honourable Justice

9:30

COUNSEL FOR APPLICANT/MOVING PARTY		COUNSEL FOR OTHER PARTY	
Party:	SF Partners Inc., Court-appointed receiver	Party:	See Service List attached
Counsel:	David P. Preger – Dickinson Wright LLP PRINT AND SIGN OR INITIAL <i>DPP</i>	Counsel:	PRINT AND SIGN OR INITIAL
Address:	199 Bay Street, Suite 2200, Toronto, Ontario, M5L 1G4	Address:	
Phone:	(416) 646-4606	Phone:	
Fax:	(416) 865-1398	Fax:	
E-Mail:	dpreger@dickinsonwright.com	E-Mail:	

(IF MORE THAN 2 PARTIES INVOLVED, ADD ADDITIONAL SIGNATURES AND PARTICULARS ON REVERSE OR SEPARATE PAGE)

To be submitted to: Commercial List Office, 393 University Avenue, 10th Floor, Toronto Ontario Fax to: (416)-327-6228
You may also convert to PDF and email to Toronto.Commerciallist@jus.gov.on.ca

Endorsement/Disposition See attached Yellow Endorsement Form.
Agree Receiver motion scheduled for Oct 24/14 - 45 mins confirmed (and to be placed on standby list).

Commercial Form A

Romspen motion to vary receivership and scheduled for Oct 30/14 - 45 mins, confirmed.

*McEiff
11 Sept 14.*

LO JW/... via email Sep 8/14

ROMSPEN INVESTMENT CORPORATION
Applicant

-and-

6711162 CANADA INC. et al
Respondents

Court File No. CV-10-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

DICKINSON WRIGHT LLP

Barristers & Solicitors
199 Bay Street
Suite 2200, P.O. Box 447
Commerce Court Postal Station
Toronto, Ontario, M5L 1G4

DAVID P. PREGER

LSUC Registration No. 36870L

Email: dpreg@rickinsonwright.com

Tel: (416) 646-4606

Fax: (416) 865-1398

LISA S. CORNE

LSUC Registration No. 27974M

Email: lcorne@rickinsonwright.com

Tel: (416) 646-4608

Fax: (416) 865-1398

Lawyers for SF Partners Inc.