

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

SUPPLEMENT TO THE FIRST REPORT OF SF PARTNERS INC.

October 23, 2014

I INTRODUCTION

1. This report is supplementary to the Receiver's First Report dated July 11, 2014 (the "First Report"). All capitalized terms not defined herein have the same meaning they were assigned in the First Report.

PURPOSE OF THE SUPPLEMENT TO THE FIRST REPORT

2. The purpose of this Supplement to the First Report is to provide the Court with an update on the Receiver's activities subsequent to the date of the First Report, including discussions and negotiations among the Receiver and the stakeholders regarding a proposed standstill agreement, and to respond to the affidavit of Altaf Soorty sworn October 20, 2014, received by the Receiver's counsel on the afternoon of October 21, 2014 and filed in response to the First Report.

APPRAISALS OF PROPERTIES

3. In the First Report, the Receiver noted that it had engaged Valco Consultants, an independent real estate appraisal and consulting firm to provide it with appraisals in respect of the Properties. The Receiver has now obtained appraisal reports from Valco Consultants in respect of the Rama Lands, the Cambridge Lands, the Midland Lands and the Condominium Project. True copies of the appraisal reports in respect of the Rama Lands, the Cambridge Lands, the Midland Lands and the Condominium Project will be filed with the court as confidential **Confidential Appendices 1, 2, 3 and 4**, respectively. The Receiver seeks a sealing order in respect of the appraisal reports in order to avoid

any potential suppression of realizations which could result from the appraisal reports being placed in the public record.

DISCUSSIONS WITH STAKEHOLDERS

4. The Receiver has been attempting to schedule the hearing of a motion for approval of a marketing and sale process in respect of the Properties since July of 2014. On July 23, 2014, the Receiver's counsel delivered to Arkadi Bouchelev, counsel for the Debtors, the Receiver's Notice of Motion and First Report and requested his availability to attend a motion on July 30 or 31, 2014. Prior to July 23, 2014, Mr. Bouchelev refused to discuss scheduling the Receiver's marketing and sale process approval motion without first receiving the materials.
5. A copy of an e-mail thread between counsel for the Receiver and counsel for the Debtors on July 23, 2014 is attached as **Appendix A**.
6. Thereafter, the Individual Debtors reached out directly to the Applicant Romspen Investment Corporation to propose a standstill arrangement whereby the Individual Debtors would advance \$4 million to the Receiver to fund additional construction at the Condominium Project. It was proposed that the construction be undertaken by a mutually acceptable contractor under the Receiver's supervision, with a view to improving the value of the Condominium Project and refinancing Romspen's loan. It was further proposed that, until the \$4 million was exhausted on construction, the Properties would not be marketed or sold.

7. On July 30, 2014, the Receiver, its counsel, the Individual Debtors, and their counsel, met in person to discuss in greater detail the terms of a standstill agreement.
8. After further negotiations between the counsel for the Receiver and counsel for the Debtors, on August 22, 2014, counsel for the Receiver delivered a draft Standstill Agreement to counsel for the Debtors, the terms of which were proposed to be subject to Court approval. A copy of the e-mail and attached draft Standstill Agreement is attached as **Appendix B**.
9. On August 28, and again on September 2, 2014, counsel for the Receiver emailed counsel for the Debtors with respect to the status of the Standstill Agreement and enquired whether the Individual Debtors were capable of completing same. No response was forthcoming. As it appeared to the Receiver from the delay that the Debtors were unable to arrange the \$4 million necessary to fund the proposed standstill, on September 5, 2014, counsel for the Receiver emailed counsel for the Debtors to advise that the Receiver intended to schedule a date for the approval of a marketing and sale process.
10. In his email of September 5, 2014, counsel for the Receiver confirmed that the Receiver remained committed to considering ways to achieve a standstill and left open the possibility for further discussions going forward.
11. Copies of the above-noted emails are attached as **Appendix C**.
12. On September 11, 2104, Justice McEwen scheduled the Receiver's marketing and sales process approval motion for October 24, 2014. The motion was placed on standby for an earlier hearing if time became available.

13. Given the delay in obtaining a hearing date until October 24, 2014, on September 11, 2014, counsel for the Receiver emailed counsel for the Debtors to request that he review the Receiver's proposed marketing and sales process as outlined in the First Report and provide him with any substantive concerns the Debtors may have in respect of the same. A copy of e-mail is attached as **Appendix D**.
14. Notwithstanding that the Debtors have had the First Report since July 23, 2014 and the Receiver's counsel's request for the Debtors' input into the proposed marketing and sales process on September 11, 2014, no response was received until the delivery of the affidavit of Altaf Soorty on the afternoon of October 21, 2014.

OTHER ACTIVITIES SINCE THE FIRST REPORT

15. In anticipation of commencing its marketing and sales process, the Receiver has taken the following actions:
 - Compiled a list of potentially-interested parties;
 - Prepared teaser and confidentiality agreement for distribution to interested parties;
 - Compiled marketing materials for information package;
 - Drafted newspaper advertisement;
 - Drafted a form of offer;
 - Compiled information and set up its on-line data room;
 - Reviewed appraisal reports; and
 - Conducted ongoing communications with various interested parties.

LIEN CLAIMS

16. To date, the Debtors have failed to produce any books or records to the Receiver. Accordingly, the Receiver has not yet had an opportunity to undertake the process of reviewing, investigating and vetting the various construction lien claims which have been registered against the Condominium Project. In the First Report, the Receiver reported that the aggregate of all lien claims registered against the Condominium Project was \$2.4 million. That amount was based upon the face amount of all lien claims registered. Pending the Receiver's review of the Debtors' books and records, and further investigation of the lien claims, the Receiver is unable to determine whether there is any duplication in the amounts claimed in the various construction lien claims which have been registered. Should it persist, the continuing failure of the Debtors to provide the books and records will also hamper the Receiver's ability to facilitate due diligence on the part of prospective purchasers.

MARKETING AND SALE PROCESS

17. It appears that Mr. Soorty has misunderstood the marketing and sales process proposed by the Receiver. Mr. Soorty suggests that the Receiver anticipates selling all of the Properties to one purchaser. That is not the case. The Receiver is not intending to market and sell the Properties *en bloc*.
18. The Receiver is proposing to sell the Properties by tender, after marketing the Properties both by the distribution to potentially interested parties of an information package, as well as by newspaper advertisements in the Globe and Mail (national edition) and National Post newspapers, and industry publications. Such a process will reach a broad

market of potential purchasers, and avoid the need to pay real estate commissions to listing and cooperating brokers.

19. The Receiver takes exception with Mr. Soorty's assertion that it has not acted in an impartial manner. The Receiver has expended considerable time and resources to assist the Debtors in reaching a standstill agreement with Romspen which, if concluded, would have forestalled the marketing and sale of the Properties for 6 to 8 months. The Receiver has invited the Debtors to discuss any concerns they may have regarding the proposed marketing and sale process. The Receiver remains willing to discuss the proposed marketing and sale process. Moreover, the implementation of the proposed marketing and sale process will not interfere *per se* with the Debtors' ability to reactivate any proposals to come to standstill terms with Romspen in the future and the Receiver remains committed to assisting the parties in reaching a standstill.

DIRECTIONS WITH RESPECT TO LIFTING THE STAY

20. The Receiver's motion for directions regarding lifting the stay of proceedings against the individual Debtors was been adjourned by Justice McEwen on September 11, 2104 and will be heard on October 30, 2014.

All of which is respectfully submitted.

Dated at Toronto, Ontario, this 23rd day of October, 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.

Appendix A

Luisa A. Salerno

From: Luisa A. Salerno
Sent: Wednesday, July 23, 2014 12:19 PM
To: 'Arkadi Bouchelev'
Cc: Lisa S. Corne
Subject: RE: Romspen Investment Corporation v. 6711162 Canada Inc. et al
Attachments: TORONTO-#958834-v1-First_Report_of_SF_Partners.PDF; TORONTO-#955114-v5-Notice_of_Motion.DOC; TORONTO-#958835-v1-Request_Form_Continuing_Matter.DOC

Dear Mr. Bouchelev,

We are attaching the First Report of SF Partners Inc. and the Notice of Motion. We will not be pursuing direction with respect the lifting of the stay with respect to individual debtors on July 31. That matter will be dealt with on a subsequent motion. The reason you have not been served with Motion materials is because we are awaiting confirmation of a motion date. In that regard, I have attached the court request form for July 31st. Please confirm we may sign same on your behalf.

From: Arkadi Bouchelev [mailto:arkadi@bouchelevlaw.com]
Sent: Wednesday, July 23, 2014 9:30 AM
To: Luisa A. Salerno
Cc: Lisa S. Corne
Subject: Re: Romspen Investment Corporation v. 6711162 Canada Inc. et al

Dear Ms. Salerno:

If you wished to proceed with your motion on July 31, I would have expected you to have served your materials by now in order to give the respondents a proper opportunity to respond. As of today, you have not provided any affidavits (even in draft form) or even a proposed schedule. In his July 21, 2014 email, Mr. Magisano asked you to provide details of the proposed sale process. You have not provided that either.

It appears that the Court's assistance will be necessary with setting the schedule. However, I am not available on July 24 as I have a motion in another matter. I am generally available next week, with the exception of Monday, July 28.

On Tue, Jul 22, 2014 at 5:13 PM, Luisa A. Salerno <LSalerno@dickinson-wright.com> wrote:

Dear Mr. Arkadi,

Please advise of your availability to attend on July 31st, also confirm we may sign the request on your behalf.

All other parties are in agreement.

Failing which, I will require you to attend a 9:30 a.m. on Thursday July 24, 2014.

Luisa

Luisa A. Salerno Legal Assistant

199 Bay Street
Suite 2200
Commerce Court West
Toronto ON M5L 1G4

Phone [416-777-2411](tel:416-777-2411)
Fax [416-865-1398](tel:416-865-1398)
Email LSalerno@dickinsonwright.com

DICKINSON WRIGHT LLP
MICHIGAN ARIZONA NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

From: Luisa A. Salerno **On Behalf Of** Lisa S. Corne

Sent: Monday, July 21, 2014 3:59 PM

To: 'egolden@blaney.com'; 'arkadi@bouchelevlaw.com'; 'dmagisano@lernalers.ca'

Cc: Corne Lisa (LCorne@dickinson-wright.com); David P. Preger (DPreger@dickinson-wright.com); Luisa A. Salerno

Subject: Romspen Investment Corporation v. 6711162 Canada Inc. et al

The Receiver must proceed with its motion for approval of the sale process and order requiring delivery of books and records on a day next week. If the motion by Romspen to lift the stay cannot be heard in that time frame, that motion will have to proceed separately.

Please advise of your availability on July 30th or 31st.

If you neglect to respond I intend to proceed with a 9:30 scheduling appointment this week.

Please let me know what dates you are available for same by the end of tomorrow.

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Yours very truly,
Arkadi Bouchelev

Arkadi Bouchelev, Barrister & Solicitor
401 Bay Street, Suite 2112
Toronto, ON M5H 2Y4
Telephone: 416-594-1400; Fax: 416-594-1405
E-mail: arkadi@bouchelevlaw.com

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Appendix B

David P. Preger

From: David P. Preger
Sent: Friday, August 22, 2014 2:55 PM
To: 'Brahm Rosen'; dmagisano@lernalers.ca; arkadi@bouchelevlaw.com; 'Eric Golden'; Wesley Roitman
Cc: Richard Weldon; Blake Cassidy; Zoran Cocov (cocov@rogers.com) (cocov@rogers.com); Al Soorty (alsoorty@rogers.com); 'Elliot Steiner'; Christina E. Corrente
Subject: Standstill Agreement
Attachments: TORONTO-#966529-v6-Standstill_Agreement.DOC
Importance: High

Gentlemen,

Please find attached a draft standstill agreement for your review and comment. As it has not yet been reviewed by the Receiver, it is subject to such amendments as Mr. Rosen may require. The Receiver wishes to bring this to a conclusion next week and we will be scheduling chambers appointment shortly to move things along. Would Mr. Magisano or Mr. Bouchelev please advise me immediately when the \$4 million can be delivered to the Receiver.

STANDSTILL AGREEMENT dated as of August 25, 2014

AMONG:

ALTAF SOORTY and ZORAN COCOV

(collectively, the "Principals")

AND:

ROMSPEN INVESTMENT CORPORATION

("Romspen")

AND:

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

(the "Receiver")

WHEREAS:

- A. Pursuant to an Order of the Honourable Mr. Justice D.M. Brown dated May 5, 2014 (the "Appointment Order") in the proceedings in Court File No. CV-14-10470-00CL (the "Receivership Proceedings"), SF Partners Inc. was appointed the Receiver of all of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc. and Hugel Lofts Ltd. and of the real property owned by the Principals listed in Schedule "A" hereto, and the proceeds arising therefrom. The assets subject to the Receiver's administration are hereinafter referred to collectively as the "Assets". Unless otherwise defined herein, capitalised terms used in this Agreement shall have the meanings ascribed to them in the Appointment Order.
- B. In connection with the Receiver's intention to seek Court approval of a process to market and sell the Assets, the Principals have approached Romspen and the Receiver to seek a reprieve to enable them to refinance the Assets.
- C. The Assets include, *inter alia*, a partially constructed 4 storey residential condominium building in Midland, Ontario owned by Hugel Lofts Ltd. (the "Project").
- D. In consideration for obtaining a reprieve from any marketing and sale process, the Principals have offered to advance to the Receiver the lump sum of \$4 million on the terms set out in this Agreement, for the purpose of furthering construction of the Project.
- E. Although the Receiver has not yet formed a view on the cost of completing the Project, all parties recognize that \$4 million will be insufficient. The Principals and Romspen nonetheless expect that advancing construction of the Project with the quantum of funds

proposed will improve the value of the Project and is preferable course to selling the Project in its current state.

NOW THEREFORE in consideration of the provisions, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties covenant and agree as follows:

Subordinated Receiver's Borrowings

1. A corporation controlled by the Principals (the "**Subordinate Lender**") will immediately advance the lump sum of \$4 million (the "**Subordinated Receiver's Borrowings**") to the Receiver to hold in its trust account. Interest will accrue on the Subordinated Receiver's Borrowings at the rate 10.5% *per annum* calculated and compounded monthly. The Assets will be charged by way of a fixed and specific charge (the "**Receiver's Subordinate Borrowing Charge**") as security for payment of the Subordinated Receiver's Borrowings, including interest 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: (i) the Receiver's Charge; (ii) the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*; (ii) the security held by Romspen over the Assets; and (iii) 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. A Receiver's Certificate shall be issued by the Receiver in favour of the Subordinated Lender for the Subordinated Receiver's Borrowings. Paragraph 21 of the Appointment Order shall be amended to give effect to these provisions.

Engagement of Elm Developments

2. The Receiver will apply the Subordinated Receiver's Borrowings to advance construction of the Project. Elm Developments ("**Elm**") will be engaged by the Receiver to act as a general contractor or project manager on terms acceptable to the parties, and failing agreement between the parties, on such terms as Elm and the Receiver may agree and the Court may approve. Elm will develop a construction budget (both in respect to hard and soft costs) and timeframe in relation to the application of the Subordinated Receiver's Borrowings. Until such as the Receiver is required to draw down on funds, the Subordinated Receiver's Borrowings shall be invested by the Receiver in an interest-bearing instrument or account.

Cost Consultant, Quantity Surveyor, Construction Oversight and Consultation

3. O'Keefe & Associates Limited, the existing cost consultant and quantity surveyor in respect to the Project, will continue to act; provided, however, that if it is unwilling, Elm will appoint a substitute. The Receiver will appoint Richard Weldon ("**Weldon**") of Romspen to conduct construction oversight of the Project; provided that no fees shall be chargeable by Weldon or Romspen therefor. During each of the budgeting and construction phases, the Receiver and Elm shall consult with the Principals and Romspen to the extent reasonable.

Engagement of CCI Group, Consulting Engineers in Event of Dispute

4. In the event of a dispute between the Receiver and Elm, the Receiver will engage CCI Group, Consulting Engineers, for advice.

Discharge of Receiver over Principals

5. Upon this Agreement becoming effective, the Receiver's Court-appointment over the Principals and the property listed in Schedule "A" hereto will be discharged, without prejudice to the right of Romspen to apply for the appointment of a receiver over the Principals' assets, including, without limitation the property listed in Schedule "A" hereto upon the expiry of this Agreement, or of any extension hereof, if at such time the Debtors' indebtedness to Romspen is not repaid in full. In so agreeing, the Debtors' shall not be deemed to waive any defences they may have to any such application at a later date and any such defences are hereby reserved.

Effective Date of Agreement

6. This Agreement will become effective on the later of the: (a) Receiver's receipt of the full amount of the Subordinated Receiver's Borrowings from the Subordinate Lender; (b) the Receiver's receipt of all books and records of the corporate Debtors and the Receiver's confirmation to the Principals that it is satisfied with the completeness of such delivery; and (c) granting of Court approval of this Agreement.

Standstill

7. Until the term of this Agreement shall expire, the Receiver shall not market or sell any of the Assets, without the written consent of the Principals and Romspen.

8. No proceedings against the Principals for repayment of the Romspen loan shall be initiated by Romspen, or for declaratory relief in respect to Casino R.V Resorts Inc.'s obligations to Romspen shall be initiated by Romspen, Casino R.V Resorts Inc. or the Principals until the term of this Agreement, or any renewal thereof, has expired.

Term, Expiry or Extension of Standstill

9. The term of this Agreement will expire on the earlier of the date on which the full amount of the Subordinated Receiver's Borrowings have been exhausted or on January 31, 2015. Provided, however, that if the Subordinated Receiver's Borrowings have not been exhausted by January 31, 2015, the term of this Agreement shall expire on the last day of the month in which they have been exhausted.

10. The term of this Agreement may be extended at the option of the Principals, on a month to month basis upon delivery to the Receiver of the sum of \$500,000 on or before the first business day of the month immediately following the expiry of the term, or any extension thereof. All such further advances shall be treated in the manner provided for in paragraph 1 hereof and the Receiver's Certificates issued in connection with such advances will rank *pari*

passu with the Receiver's Certificate issued in connection with the Subordinated Receiver's Borrowings.

Marketing and Sale of Assets Upon Expiry of Standstill

10. Upon the expiry of this Agreement, the Receiver shall be at liberty to market and sell the Assets without the need to obtain a further Order of the Court.

Casino R.V Resorts Inc.

11. Subject to the Principals satisfying Romspen, acting reasonably, that the funds advanced by the existing secured creditor of Casino R.V Resorts Inc. were applied on account of the Romspen loan, Romspen will postpone its *PPSA* registration over Casino R.V Resorts Inc. to such lender. Such postponement shall be strictly without prejudice to the positions of Romspen and Casino R.V Resorts Inc.

General

12. The Receiver shall be at liberty to apply for advice and directions in the Receivership Proceedings in the discharge of its powers and duties herein.

13. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Agreement. Counterparts may be executed either in original or faxed or emailed form and the parties adopt any signature received by a receiving fax machine or email server as original signatures of the parties.

IN WITNESS WHEREOF the parties have executed this Standstill Agreement as of the date hereinabove written.

ALTAF SOORTY

ZORAN COCOV

ROMSPEN INVESTMENT CORPORATION

By: _____
I have authority to bind the corporation

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

By: _____
I have authority to bind the corporation

Appendix C

David P. Preger

From: David P. Preger
Sent: Thursday, August 28, 2014 5:50 PM
To: dmagisano@lerner.ca
Cc: arkadi@bouchelevlaw.com; 'Brahm Rosen'; Zoran Cocov (cocov@rogers.com)
(cocov@rogers.com); Al Soorty (alsoorty@rogers.com)
Subject: FW: Standstill Agreement
Attachments: TORONTO-#966529-v6-Standstill_Agreement.DOC
Importance: High

Domenic, Can you please let me know whether we have a deal and whether your clients are capable of completing same. Or are we just wasting time?

From: David P. Preger
Sent: Friday, August 22, 2014 2:55 PM
To: 'Brahm Rosen'; dmagisano@lerner.ca; arkadi@bouchelevlaw.com; 'Eric Golden'; Wesley Roitman
Cc: Richard Weldon; Blake Cassidy; Zoran Cocov (cocov@rogers.com) (cocov@rogers.com); Al Soorty
(alsoorty@rogers.com); 'Elliot Steiner'; Christina E. Corrente
Subject: Standstill Agreement
Importance: High

Gentlemen,

Please find attached a draft standstill agreement for your review and comment. As it has not yet been reviewed by the Receiver, it is subject to such amendments as Mr. Rosen may require. The Receiver wishes to bring this to a conclusion next week and we will be scheduling chambers appointment shortly to move things along. Would Mr. Magisano or Mr. Bouchelev please advise me immediately when the \$4 million can be delivered to the Receiver.

David P. Preger

From: David P. Preger
Sent: Tuesday, September 02, 2014 6:45 PM
To: 'Domenico Magisano'
Cc: 'arkadi@bouchelevlaw.com'; 'Brahm Rosen'; 'Zoran Cocov (cocov@rogers.com) (cocov@rogers.com)'; 'Al Soorty (alsoorty@rogers.com)'; Christina E. Corrente
Subject: RE: Standstill Agreement

Importance: High

Domenic, Please let me know what is happening. Also, please confirm your availability for a 9:30 am chambers appointment on September 9, 10 or 11. I will be asking the Judge to schedule a motion to approve a marketing and sale process or a standstill agreement. Thanks.

From: Domenico Magisano [mailto:dmagisano@lerner.ca]
Sent: Thursday, August 28, 2014 6:53 PM
To: David P. Preger
Cc: 'arkadi@bouchelevlaw.com'; 'Brahm Rosen'; 'Zoran Cocov (cocov@rogers.com) (cocov@rogers.com)'; 'Al Soorty (alsoorty@rogers.com)'; Christina E. Corrente
Subject: RE: Standstill Agreement

David,

I am out of the office until Tuesday but have advised my client law of our most recent discussion. I hope to be back to you Tuesday

Sent from my mobile device.

Domenico Magisano | Lerner LLP | Partner | phone 416.601.4121 | direct fax 416.601.4123 | dmagisano@lerner.ca | 130 Adelaide Street West, Suite 2400 - Toronto - Ontario - M5H 3P5

LERNERS
LAWYERS

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

From: David P. Preger [DPreger@dickinson-wright.com]
Sent: Thursday, August 28, 2014 05:48 PM Eastern Standard Time
To: Domenico Magisano
Cc: arkadi@bouchelevlaw.com; Brahm Rosen; Zoran Cocov (cocov@rogers.com) (cocov@rogers.com); Al Soorty (alsoorty@rogers.com); Christina E. Corrente
Subject: FW: Standstill Agreement

Domenic, Can you please let me know whether we have a deal and whether your clients are capable of completing same. Or are we just wasting time?

David P. Preger Partner

199 Bay Street . Phone 416-646-4606
Suite 2200 Fax 416-865-1398
Commerce Court West Email DPreger@dickinsonwright.com
Toronto ON M5L 1G4

[Profile](#) [V-Card](#)

DICKINSON WRIGHT LLP

MICHIGAN ARIZONA NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

From: David P. Preger

Sent: Friday, August 22, 2014 2:55 PM

To: 'Brahm Rosen'; dmagisano@lerner.ca; arkadi@bouchelevlaw.com; 'Eric Golden'; Wesley Roitman

Cc: Richard Weldon; Blake Cassidy; Zoran Cocov (cocov@rogers.com) (cocov@rogers.com); Al Soorty (alsoorty@rogers.com); 'Elliot Steiner'; Christina E. Corrente

Subject: Standstill Agreement

Importance: High

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David P. Preger

From: David P. Preger
Sent: Friday, September 05, 2014 5:49 PM
To: 'Arkadi Bouchelev'
Cc: Christina E. Corrente; Domenico Magisano; 'Brahm Rosen'
Subject: RE: Hugel Lofts receivership

Arkadi,

Unfortunately, it appears that the principals are not in a position to advance the \$4M cash that was discussed when we met at Dom's office. The Receiver is therefore going to schedule a sales process approval motion. I am aiming to be in chambers on September 11th to fix a date. I have cleared the 11th with Dom, Eric Golden and Evan Tingley. The Receiver remains committed to considering ways to achieve a standstill and would be pleased to speak with you, Dom and/or the principals at your convenience.

From: Arkadi Bouchelev [<mailto:arkadi@bouchelevlaw.com>]
Sent: Friday, September 05, 2014 5:10 PM
To: David P. Preger; Domenico Magisano
Cc: Christina E. Corrente
Subject: Hugel Lofts receivership

Gentlemen,

Can you please advise as of the status of the negotiations between the receiver and Hugel Lofts? Are there any plans for a 9:30 appointment?

--
Yours very truly,
Arkadi Bouchelev

Arkadi Bouchelev, Barrister & Solicitor
401 Bay Street, Suite 2112
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E-mail: arkadi@bouchelevlaw.com

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Appendix D

David P. Preger

From: David P. Preger
Sent: Thursday, September 11, 2014 8:08 PM
To: 'Arkadi Bouchelev'
Cc: Christina E. Corrente
Subject: RE: Hugel Lofts receivership

Arkadi,

My assistant will email the endorsement to you tomorrow. Justice McEwen scheduled the Receiver's motion for October 24, 2014, although His Honour placed the motion on the standby list if time becomes available earlier. The delay in getting the motion heard is unfortunate. I understand there are 3 lengthy trials currently underway in the Commercial List. The Receiver is considering its options. As you are aware, the Order appointing the Receiver specifically authorizes the Receiver to market and sell the assets without further Order of the Court. May I suggest that you review the proposed marketing and sales process described in the Receiver's First Report and provide me with any substantive concerns your clients may have in respect of same.

From: Arkadi Bouchelev [mailto:arkadi@bouchelevlaw.com]
Sent: Thursday, September 11, 2014 4:28 PM
To: David P. Preger
Cc: Christina E. Corrente
Subject: Re: Hugel Lofts receivership

David,

Can you please send me a copy of the endorsement from today's hearing.

On Thu, Sep 11, 2014 at 9:25 AM, Arkadi Bouchelev <arkadi@bouchelevlaw.com> wrote:
David,

I understand what the per diem is. I also note that between May 5 (release of the decision) and late June, when your firm was retained by the receiver, not much was being done to move this process forward. My clients have been quite reasonable in terms of their cooperation with the receiver (including Mr. Cocov signing a waiver of conflict which permitted your firm to represent the receiver). They should be able to expect similar courtesy in return.

While it's true that I had your materials since July 23, I have just been retained, and have not spent any time preparing a response, as that was to be done by Mr. Magisano. It would not be realistic to expect me to deliver my client's materials in time for a hearing next week.

I am available October 2 and 3 and October 13 - 31 (with the exception October 17).

On Wed, Sep 10, 2014 at 7:51 PM, David P. Preger <DPreger@dickinson-wright.com> wrote:

Arkadi,

David P. Preger Partner

Dickinson Wright LLP
199 Bay Street
Suite 2200
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Toronto ON M5L 1G4

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Fax 416-865-1398
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--

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Arkadi Bouchelev

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>
>
> I am available next week on

David P. Preger Partner

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DICKINSON WRIGHT LLP
MICHIGAN ARIZONA NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

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