

**IN THE MATTER OF THE RECEIVERSHIP OF**

**206 Bloor Street West Limited**

Supplementary Report to First Report of Rosen Goldberg Inc.

206 Bloor Street West Limited.

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**INDEX**

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**TAB 1**



ROSEN GOLDBERG  
INSOLVENCY & RESTRUCTURING

Court File No. CV-16-11529-00CL

**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**

BETWEEN:

**ROMSPEN INVESTMENT CORPORATION**

Applicant

- and -

**206 BLOOR STREET WEST LIMITED**

Respondent

**SUPPLEMENTARY REPORT TO FIRST REPORT  
OF ROSEN GOLDBERG INC.**

**INTRODUCTION**

1. This Report is Supplementary to the Receiver's First Report dated October 31, 2016 (the "**First Report**") and is being filed in response to the Affidavit of Rosenberg sworn November 8, 2016. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the First Report. Given the exigencies of the timetable imposed with respect to this matter, only several issues raised in the Rosenberg Affidavit are addressed herein. A number of the issues raised in the Rosenberg Affidavit are addressed in the First Report and do not bear repeating herein.



## **RELATIONSHIP BETWEEN ROMSPEN AND 206**

2. It is suggested in paragraph 22 of the Rosenberg Affidavit that Romspen was the developer of the Project. As stated in paragraph 12 of the First Report, indirect shareholders of Romspen hold approximately 22% of the shares of the Debtor as a passive investment. A copy of the shareholders' register in 206's Minute Book is attached as **Appendix "A"**. The indirect Romspen shareholders listed therein are: 2059930 Ontario Inc. (a holding company of Wesley Roitman or his family), Renovay Investments Limited (a holding company of Sheldon Esbin or his family) and Romspen Holdings Inc.<sup>1</sup> Collectively, the shares of the indirect Romspen shareholders comprise 2,250 out of 9,999 issued and outstanding shares in 206. The other shareholders listed in the shareholders' register are not related, directly or indirectly, to Romspen or its principals.

## **APPLICATION OF SALES PROCEEDS BETWEEN JUNE 2014 AND JULY 2016**

3. In paragraph 25 of her Affidavit, Rosenberg notes that she has not seen evidence regarding the application of proceeds from the sale of units between June 2014 and July 2016. The Receiver has reviewed statements from the files of Miller Thomson LLP respecting the application of sale proceeds in relation to the four (4) units that were sold during the period of June 6, 2014 through June 30, 2015. Copies of the statements are attached as **Appendix "B"**.

4. The statements reveal that, net of transaction related costs and HST (for which 206 was liable on the completion of the sale of the units), the proceeds from the sale of the first two (2) units (June 6, 2014 and July 31, 2014) were paid to Home Trust in reduction of 206's indebtedness to Home Trust under Home Trust's first mortgage. On the closing of the sale of Suite 1401 (the third closing of the four (4) units, on June 30, 2016), the balance outstanding

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<sup>1</sup> Romspen Holdings Inc. is 74% owned by companies controlled by Wesley Roitman and Sheldon Esbin, both principals of Romspen, and 26% controlled by Arthur Resnick ("Resnick"). Resnick is not a direct or indirect shareholder of Romspen.



under the Home Trust mortgage of \$1,058,409.50 was paid, and 206 received \$233,295.99. The funds which 206 received were subsequently used towards finishing the penthouse.

5. Upon the completion of the sale of the last of the four (4) units, namely, Suite 901, on June 30, 2015, the proceeds were applied as follows:

Description	Amount
Funds paid to Dickinson Wright LLP in trust accordance with Justice Myers' endorsement of June 29, 2016	\$350,000.00
Paid to Dickinson Wright LLP in connection with fees in representing 206 in the Rosenberg action regarding her deposit	\$203,535.93
Paid to Dickinson Wright LLP in connection with the motion before Justice Myers on June 29, 2016 to delete the caution registered by Rosenberg	\$15,000.00
Hold back for estimated real estate commission on sale of Suite 901	\$70,700.00
Hold back for Miller Thomson LLP's estimated legal fees and disbursements on sale of Suite 901	\$15,000.00
Balance of closing proceeds paid to 206	\$1,106,606.88

6. Although Miller Thomson LLP's statement respecting the sale of Suite 901 refers to the net sale proceeds being paid to Romspen, in fact the funds were paid to 206, and the statement is incorrect in this respect. A copy of Miller Thomson LLP's trust cheque in the amount \$1,106,606.88 (the "**Proceeds**") payable to 206 is attached as **Appendix "C"**.



ROSEN GOLDBERG

INSOLVENCY & RESTRUCTURING

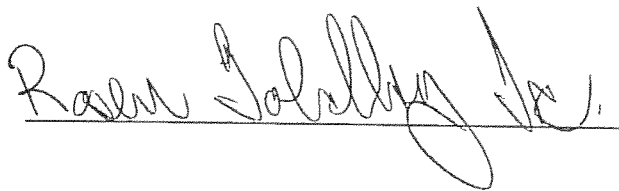
-4-

7. Due to the Project's cost overruns and the unanticipated delays 206 encountered in selling the units, the penthouse became the ultimate source for Romspen's recovery under the Romspen Charge. Therefore, Romspen agreed to discharge the Romspen Charge over Suite 901 without payment as the Proceeds were needed to pay 206's expenses toward finishing the penthouse and ultimately rendering saleable.

All of which is respectfully submitted,

Dated at Toronto, Ontario, this 11th day of November, 2016.

**ROSEN GOLDBERG INC., SOLELY IN ITS CAPACITY AS  
COURT-APPOINTED RECEIVER OF THE ASSETS,  
UNDERTAKINGS AND PROPERTIES of 206 BLOOR STREET  
WEST LIMITED AND NOT IN A PERSONAL CAPACITY**

  
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**TAB 2**



# 206 BLOOR STREET WEST LIMITED

## SHAREHOLDERS' REGISTER

Date	Name	No. of Shares	Class Of Shares Held
Dec 14, 2007	2059938 Ontario Inc.	1,000	Common
Dec 14, 2007	2112518 Ontario Limited	2,250	Common
Dec 14, 2007	Blutrich Holdings Inc.	833	Common
Dec 14, 2007	Empire Milling Limited	833	Common
Dec 14, 2007	1589171 Ontario Inc.	833	Common
Dec 14, 2007	Tochter Investments Limited	1,000	Common
Dec 14, 2007	Pastoral Investments Limited	500	Common
Dec 14, 2007	Renovay Investments Limited	1,000	Common
Dec 14, 2007	Romspen Holdings Inc.	250	Common
Dec 14, 2007	1442739 Ontario Limited	1,500	Common

**TAB 3**

June 6, 2014

RE: Vendor : 206 Bloor Street West Limited  
Purchaser : [REDACTED]  
Municipality : City of Toronto  
Description : Unit 1, Level 8, Unit 4, Level B and Unit 12, Level B  
Toronto Standard Condominium Plan No. 2254  
Address : Suite 801, 206 Bloor Street West, Toronto, Ontario  
MuseumHouse  
MuseumHouse (the "Unit")  
Occupancy : June 6, 2014  
Closing Date : June 6, 2014

TRUST LEDGER STATEMENT

Received from purchaser on closing		\$1,513,950.08
Balance deposit in trust		200,000.00
Paid to 206 Bloor Street West Limited		
re GST/HST included in Sale Price	174,336.29	
re balance commission due at final closing		
(incl. tax)	12,930.00	\$187,266.29
Paid to Miller Thomson LLP		
re final closing fees (\$650), estimated		
disbursements (\$100) and LPIC (\$50) plus HST	904.00	
re partial discharge of Home Trust Company		
(\$150 plus HST) and registratoin fee (\$71.30)	240.80	
re partial discharge of Romspen Investment		
Corporation (\$150.00 plus HST) and		
registration fee (\$71.30)	240.00	1,384.80 ✓
Paid to Home Trust Company after closing		
(including its discharge fee of \$200 per		
unit)		1,525,298.99
		<hr/>
	\$1,713,950.08	\$1,713,950.08

E. & O. E.

July 31, 2014

RE: Vendor : 206 Bloor Street West Limited  
Purchaser : [REDACTED]  
Municipality : City of Toronto  
Description : Unit 1, Level 12, Unit 1, Level B and Unit 13, Level B  
Toronto Standard Condominium Plan No. 2254  
Address : Suite 1201, 206 Bloor Street West, Toronto, Ontario  
MuseumHouse  
MuseumHouse (the "Unit")  
Occupancy : July 31, 2014  
Closing Date : July 31, 2014

TRUST LEDGER STATEMENT

Received from purchaser on closing			\$1,373,174.23
Balance deposit in trust			72,000.00
Paid to 206 Bloor Street West Limited			
re GST/HST included in Sale Price	144,424.78		
re balance commission due at final closing			
(incl. tax)	40,260.00	\$184,684.78	
Paid to Miller Thomson LLP			
re closing fees (\$650), estimated			
disbursements (\$100) and LPIC (\$50) plus HST	904.00	/	
re partial discharges of Home Trust Company			
and Romspen (\$200 plus HST) and registration			
fees (\$142.60)	368.60	/	1,272.60
Paid to Home Trust Company re discharge fee			200.00
Paid to Home Trust Company after closing			1,259,016.85
		\$1,445,174.23	\$1,445,174.23
E. & O. E.			

March 23, 2015

RE: Vendor : 206 Bloor Street West Limited  
Purchaser :   
Municipality : City of Toronto  
Description : Unit 1, Level 13, Unit 9, Level B, Unit 4, Level C and Unit 12, Level C  
Toronto Standard Condominium Plan No. 2254  
Address : Suite 1401, 206 Bloor Street West, Toronto, Ontario  
MuseumHouse  
Occupancy : MuseumHouse (the "Unit")  
Closing Date : March 23, 2015  
March 23, 2015

TRUST LEDGER STATEMENT

Received from purchaser on closing			\$1,378,663.15
Paid to discharge previous 1st mtg - Home Trust Company			
Balance deposit in trust		\$1,058,409.34	
Paid to 206 Bloor Street West Limited			82,000.00
re GST/HST included in Sale Price	145,575.22		
re balance commission due at final closing (incl. tax)	22,110.00		
re balance of sale proceeds	233,295.99	400,981.21	
Paid to Miller Thomson LLP			
re final closing fees (\$650), estimated disbursements (\$100) and LPIC (\$50) plus HST	904.00		
re partial discharges of Home Trust Company and Romspen (\$200 plus HST) and registration fees (\$142.60)	368.60	1,272.60	
<hr/>			
E. & O. E.		\$1,460,663.15	\$1,460,663.15

**STATEMENT OF FUNDS**

206 Bloor Street West Limited sale to 206 Bloor Street West, Suite 901, Toronto, Ontario Closing date: June 30, 2016
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Description		
Balance due on closing, per Statement of Adjustments	\$1,585,842.81	
Deposit from Purchaser	\$175,000.00	
Paid to Dickinson Wright LLP, representing judgement amount of caution		\$350,000.00
Paid to Dickinson Wright LLP, as per client's instruction		\$203,535.93
Paid to Dickinson Wright LLP, as per client's instruction		\$15,000.00
Hold back for real estate commission (estimated)		\$70,700.00
Hold back for estimated legal fees + HST and disbursements		\$15,000.00
Balance of net sale closing proceeds (to pay Romspen for mortgage discharge)		\$1,106,606.88
<b>Totals</b>	<b>\$1,760,842.81</b>	<b>\$1,760,842.81</b>

E. & O. E.

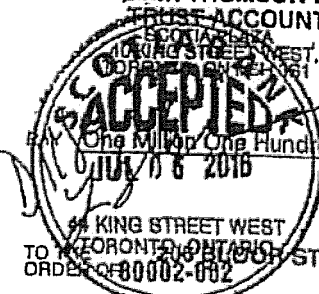
**TAB 4**

MILLER THOMSON LLP.  
TRUST ACCOUNT

THE BANK OF NOVA SCOTIA  
44 KING STREET WEST  
TORONTO, ONTARIO M5H 1H1

80711

DATE 06-07-2016  
DD MM YYYY



One Million One Hundred Six Thousand Six Hundred Six Dollars and 88/100

\$\*\*1,106,606.88

SCOTIABANK  
BANQUE SCOTIA

II0660688

44 KING STREET WEST  
TORONTO, ONTARIO  
ORDER OF 80002-082  
STREET WEST LIMITED

MILLER THOMSON LLP

CERTIFIED CHEQUE  
DO NOT DESTROY

PER

PER

TWO SIGNATURES REQUIRED

Memo:

⑈80711⑈ ⑆80002⑈002⑆ 02140⑈19⑈

Payee: 206 BLOOR STREET WEST LIMITED

Check #: 80711  
Check Date: Jul 06, 2016

Matter	Client	Matter Description	Transaction Amount
081788.0011	206 Bloor Street West Limited	[REDACTED]	1,106,606.88

A.M.LOEB / CLOSING PROCEEDS

Trust Total: \$1,106,606.88