

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

B E T W E E N:

DBDC SPADINA LTD.,  
and THOSE CORPORATIONS LISTED ON SCHEDULE “A” HERETO

Applicants

- and -

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP  
LTD. and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED IN SCHEDULE “B” HERETO, TO BE  
BOUND BY THE RESULT

**SUPPLEMENTARY MOTION RECORD  
OF THE MANAGER, SCHONFELD INC.**  
*(Motion returnable April 26, 2021)*

April 15, 2021

**GOODMANS LLP**

Barristers & Solicitors  
333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7

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Lawyers for the Manager, Schonfeld Inc.

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Court File No.: CV-13-10280-00CL

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 TO BE BOUND BY THE RESULT

**SUPPLEMENTAL REPORT TO THE FIFTY-SEVENTH REPORT OF THE  
 MANAGER, SCHONFELD INC.**

**(Motion Returnable April 26, 2021)**

**I. Introduction**

**A. Overview and Purpose**

1. This is the Supplemental Report to the Fifty-Seventh Report of the Manager<sup>1</sup> dated September 7, 2020.

2. The purpose of this Supplemental Report is to provide information to the Court regarding the Manager’s efforts to obtain from the Respondents information relating to the potential tax

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Fifty-Seventh Report.

- 2 -

consequences that could arise if the Manager is authorized to distribute funds to the Applicants pursuant to the Notices of Garnishment.

3. As noted in the Manager's 57<sup>th</sup> Report, the Manager expects that a distribution to the Applicants could result in tax consequences for Norma and Ronauld Walton. The Manager has reported that the distribution could be structured either as a dividend or as a return on capital payable by a note.

4. As also noted in the 57<sup>th</sup> Report, the Manager's counsel initially contacted the Waltons' counsel seeking input on the Waltons' preferred approach by email dated March 9, 2020. This email is attached as Appendix "BB" to the 57<sup>th</sup> Report.

5. Having not received any response to the March 9, 2020 email, the Manager's counsel followed up with the Waltons' counsel by emails dated April 28, 2020 and September 16, 2020. A copy of these emails is attached as **Appendix "A"**. The Manager's counsel did not receive a response to these emails from the Waltons' counsel.

6. By email to the Manager's counsel dated September 17, 2020, Ms. Walton wrote that she was acting in person in these proceedings and requested a copy of the Manager's motion. A copy of this email is attached as **Appendix "B"**.

7. The Manager's counsel responded that day and provided Ms. Walton a copy of its motion record as well as copies of the emails it had sent to Ms. Walton's lawyer regarding the potential tax consequences. A copy of this email is attached as **Appendix "C"**.

8. In a further email from Ms. Walton dated September 17, 2020, Ms. Walton confirmed her understanding that the Manager sought her input on "the form of any payout and how the tax impact would be addressed." A copy of this email is attached as **Appendix "D"**.

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9. The Manager has no information about the Waltons' personal tax position. It is not in a position to determine what the potential tax consequences will be to the Waltons if the Manager is authorized to distribute funds to the Applicants pursuant to the Notices of Garnishment.

All of which is respectfully submitted this 15<sup>th</sup> day of April, 2021.

**SCHONFELD INC.**

**In its capacity as Manager pursuant to the Order of Newbould, J. dated November 5, 2013  
and the Judgment and Order of Brown, J. dated August 12, 2014**

Per:

  
**Harlan Schonfeld, CPA, CIRP**

**SCHEDULE “A”****COMPANIES**

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investments Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen’s Corner Ltd.
14. DBDC Queen’s Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.



**SCHEDULE “B”****COMPANIES**

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen’s Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.

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31. Eddystone Place Inc.
32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

**SCHEDULE “C” PROPERTIES**

1. 3270 American Drive, Mississauga, Ontario
2. 0 Luttrell Ave., Toronto, Ontario
3. 2 Kelvin Avenue, Toronto, Ontario
4. 346 Jarvis Street, Suites A, B, C, E and F, Toronto, Ontario
5. 1 William Morgan Drive, Toronto, Ontario
6. 324 Prince Edward Drive, Toronto, Ontario
7. 24 Cecil Street, Toronto, Ontario
8. 30 and 30A Hazelton Avenue, Toronto, Ontario
9. 777 St. Clarens Avenue, Toronto, Ontario
10. 252 Carlton Street and 478 Parliament Street, Toronto, Ontario
11. 66 Gerrard Street East, Toronto, Ontario
12. 2454 Bayview Avenue, Toronto, Ontario
13. 319-321 Carlaw, Toronto, Ontario
14. 260 Emerson Ave., Toronto, Ontario
15. 44 Park Lane Circle, Toronto, Ontario
16. 19 Tennis Crescent, Toronto, Ontario
17. 646 Broadview, Toronto, Ontario

A

**From:** [Fox, Carlie](#)  
**To:** ["Michael Kohl"; "Michael Kohl"](#)  
**Cc:** [Dunn, Mark](#)  
**Bcc:** [Fox, Carlie](#)  
**Subject:** RE: DBDC Spadina et al. v. Norma Walton et al.  
**Date:** Wednesday, September 16, 2020 11:10:21 AM

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Michael,

I am following up again on my email below from March 9, 2020. We would appreciate you acknowledging receipt of these emails. If you are no longer acting for Ms. Walton, please advise.

Carlie

**Carlie Fox**

Goodmans LLP

Mobile: 416.838.8192

Office: 416.849.6907

[cfox@goodmans.ca](mailto:cfox@goodmans.ca)

---

**From:** Fox, Carlie

**Sent:** Tuesday, April 28, 2020 1:53 PM

**To:** 'Michael Kohl' <[michael@kohlbarriers.com](mailto:michael@kohlbarriers.com)>; 'Michael Kohl' <[kohl@law@hotmail.com](mailto:kohl@law@hotmail.com)>

**Cc:** Dunn, Mark <[mdunn@goodmans.ca](mailto:mdunn@goodmans.ca)>

**Subject:** RE: DBDC Spadina et al. v. Norma Walton et al.

Michael,

I am following up on my email below. We would appreciate hearing from you.

Regards,

**Carlie Fox**

Goodmans LLP

Mobile: 416.838.8192

Office: 416.849.6907

[cfox@goodmans.ca](mailto:cfox@goodmans.ca)

---

**From:** Fox, Carlie

**Sent:** Monday, March 9, 2020 5:53 PM

**To:** 'Michael Kohl' <[michael@kohlbarriers.com](mailto:michael@kohlbarriers.com)>; 'Michael Kohl' <[kohl@law@hotmail.com](mailto:kohl@law@hotmail.com)>

**Cc:** Dunn, Mark <[mdunn@goodmans.ca](mailto:mdunn@goodmans.ca)>

**Subject:** DBDC Spadina et al. v. Norma Walton et al.

Michael,

You may be aware that there is a motion by the Manager returnable on April 1, 2020. The Manager is seeking, among other things, the direction and advice of the Court in respect of distributions to be made following the equity claims process it ran in respect of certain Schedule C Companies.

The Applicants have claimed against The Old Apothecary Building Inc. and Cecil Lighthouse Ltd. in their capacity as judgment creditors of Mr. and Ms. Walton, and pursuant to the notices of garnishment that the Applicants have issued against each of the Waltons.

The books and records of each of Old Apothecary and Cecil Lighthouse record the Waltons as the sole holders of the companies' common shares. Subject to the advice and direction of the Court with respect to the entitlements, if any, of persons purporting to hold preferred shares in Cecil Lighthouse, the Manager intends to recommend to the Court that it be authorized to declare a dividend in respect of each of Old Apothecary and Cecil Lighthouse. The dividend would be a debt captured by the Applicants' notices of garnishment and would therefore be paid to the Applicants in partial satisfaction of their judgment. Alternatively, the Manager could recommend to the Court that it be authorized to make a return of capital to the Waltons payable by a note. The note would be a debt captured by the Applicants' garnishment notices and would similarly be paid to the Applicants.

We expect that either approach will result in tax consequences for your clients. Accordingly, the Manager seeks your input on your clients' preferred approach.

We can make ourselves available for a call if you would prefer to discuss, though we would appreciate receiving your input in writing.

Regards,  
Carlie

**Carlie Fox**  
Goodmans LLP

416.849.6907  
[cfox@goodmans.ca](mailto:cfox@goodmans.ca)

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7  
goodmans.ca

B

**From:** [Norma Walton](#)  
**To:** [Fox, Carlie](#)  
**Cc:** [Dunn, Mark](#); ["Michael Kohl"](#)  
**Subject:** Motion regarding proposed distribution of Walton money to DBDC  
**Date:** Thursday, September 17, 2020 3:06:16 PM

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Dear Ms. Fox,

Mr. Kohl has never acted for me in the civil matter so I am not sure why you are sending him materials instead of sending them directly to me. I am on the record as representing myself and have been for many years.

Please send the motion to me whereby you are apparently recommending the payment of monies due to me over to Dr. Bernstein resulting in adverse tax implications for me. I would like to properly respond to the Court on such motion once properly served.

Thanks,

Norma

[waltonlitigation@gmail.com](mailto:waltonlitigation@gmail.com)

416-276-8160 cel.



C

**From:** [Fox, Carlie](#)  
**To:** ["waltonlitigation@gmail.com"](mailto:waltonlitigation@gmail.com)  
**Cc:** [Dunn, Mark](#)  
**Subject:** RE: Motion regarding proposed distribution of Walton money to DBDC  
**Date:** Thursday, September 17, 2020 4:48:28 PM  
**Attachments:** [20200908 Motion Record of the Manager - Vol. 1 of 2.pdf](#)  
[20200908 Motion Record of the Manager - Vol. 2 of 2.pdf](#)  
[RE DBDC Spadina et al. v. Norma Walton et al..msg](#)

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Ms. Walton,

We are not aware of you representing yourself in these proceedings. Rather, we understood Mr. Cohen had been acting for you and the other respondents, though his office advised us on January 1, 2020 that he was no longer acting for you and directed us to send all future correspondence to Mr. Kohl.

In any event, please find attached the Manager's motion record. Note that as this motion has not been scheduled, it has not yet been served on the full service list. Rather, it has been served only on parties expected to respond (i.e. the applicants, counsel to certain Schedule C Investors, Mr. Coopland, and Mr. Kohl, who we understood represented you and the other respondents). We sent Mr. Kohl a draft version of the motion record on March 10, 2020, and the attached final version on September 8, 2020.

For your reference, we also attach our emails to Mr. Kohl regarding the tax matter in respect of which we requested his input. You will see we emailed him about this matter over six months ago.

Carlie

**Carlie Fox**

Goodmans LLP

Mobile: 416.838.8192

Office: 416.849.6907

[cfox@goodmans.ca](mailto:cfox@goodmans.ca)

---

**From:** Norma Walton <[waltonlitigation@gmail.com](mailto:waltonlitigation@gmail.com)>  
**Sent:** Thursday, September 17, 2020 3:06 PM  
**To:** Fox, Carlie <[cfox@goodmans.ca](mailto:cfox@goodmans.ca)>  
**Cc:** Dunn, Mark <[mdunn@goodmans.ca](mailto:mdunn@goodmans.ca)>; 'Michael Kohl' <[michael@kohlbaristers.com](mailto:michael@kohlbaristers.com)>  
**Subject:** Motion regarding proposed distribution of Walton money to DBDC

Dear Ms. Fox,

Mr. Kohl has never acted for me in the civil matter so I am not sure why you are sending him materials instead of sending them directly to me. I am on the record as representing myself and have been for many years.

Please send the motion to me whereby you are apparently recommending the payment of monies

due to me over to Dr. Bernstein resulting in adverse tax implications for me. I would like to properly respond to the Court on such motion once properly served.

Thanks,

Norma

[waltonlitigation@gmail.com](mailto:waltonlitigation@gmail.com)

416-276-8160 cel.

D

**From:** [Norma Walton](#)  
**To:** [Fox, Carlie](#)  
**Cc:** [Dunn, Mark](#)  
**Subject:** RE: Motion regarding proposed distribution of Walton money to DBDC  
**Date:** Thursday, September 17, 2020 5:52:44 PM

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Thank you Ms. Fox. I will review and come back to you with questions. It appears that you are seeking my position on the form of any payout and how the tax impact would be addressed? Is there any other issue about which you are seeking my input? Please clarify if you can.

Thanks,  
 Norma

---

**From:** Fox, Carlie [mailto:cfox@goodmans.ca]  
**Sent:** Thursday, September 17, 2020 4:49 PM  
**To:** waltonlitigation@gmail.com  
**Cc:** Dunn, Mark  
**Subject:** RE: Motion regarding proposed distribution of Walton money to DBDC

Ms. Walton,

We are not aware of you representing yourself in these proceedings. Rather, we understood Mr. Cohen had been acting for you and the other respondents, though his office advised us on January 1, 2020 that he was no longer acting for you and directed us to send all future correspondence to Mr. Kohl.

In any event, please find attached the Manager's motion record. Note that as this motion has not been scheduled, it has not yet been served on the full service list. Rather, it has been served only on parties expected to respond (i.e. the applicants, counsel to certain Schedule C Investors, Mr. Coopland, and Mr. Kohl, who we understood represented you and the other respondents). We sent Mr. Kohl a draft version of the motion record on March 10, 2020, and the attached final version on September 8, 2020.

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Carlie

**Carlie Fox**  
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Mobile: 416.838.8192  
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---

**From:** Norma Walton <[waltonlitigation@gmail.com](mailto:waltonlitigation@gmail.com)>

**Sent:** Thursday, September 17, 2020 3:06 PM

**To:** Fox, Carlie <[cfox@goodmans.ca](mailto:cfox@goodmans.ca)>

**Cc:** Dunn, Mark <[mdunn@goodmans.ca](mailto:mdunn@goodmans.ca)>; 'Michael Kohl' <[michael@kohlbaristers.com](mailto:michael@kohlbaristers.com)>

**Subject:** Motion regarding proposed distribution of Walton money to DBDC

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Norma

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416-276-8160 cel.

**DBDC SPADINA LTD. *et al.***

Applicants

and

**NORMA WALTON *et al.***

Respondents

Court File No: CV-13-10280-00CL

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Proceeding commenced at Toronto

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Mark Dunn        LSO No. 55510L

Carlie Fox        LSO No. 68414W

Tel: 416.979.2211

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Lawyers for the Manager, Schonfeld Inc.