

**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**

RESPONDING MOTION RECORD OF THE MANAGER, SCHONFELD INC.
(Motion returnable October 20, 2016)

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Lawyers for the Manager

TO:

SERVICE LIST

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

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FORTY-FIFTH REPORT OF THE MANAGER, SCHONFELD INC.
(Respondents’ Motion Returnable October 20, 2016)

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I. Introduction

1. This is the Forty-Fifth Report of Schonfeld Inc. (the “**Manager**”) in its capacity as Manager of (i) certain companies listed at Schedule “B” to the Order of Justice Newbould (the “**November 5 Order**”) dated November 5, 2013 (the “**Schedule B Companies**”),¹ together with the properties owned by those companies (the “**Schedule “B” Properties**”); and (ii) the properties listed at Schedule “C” to the Judgment and Order of Justice Brown dated August 12, 2014 (the “**Schedule “C” Properties**” and together with the Schedule “B” Properties, the “**Properties**”).

A. Purpose of this Report

2. The Waltons have brought a motion for a declaration that they have satisfied the Court on a balance of probabilities that none of the monies being used to fund the Waltons’ legal fees have come from Dr. Bernstein.

3. This Forty-Fifth Report describes the materials that have been provided by the Waltons with respect to the source of funds used to pay their legal fees and sets out the Manager’s view that the Waltons have not satisfied their obligations pursuant to the Endorsement of Justice Newbould dated May 3, 2016.

B. Background

4. As described in the Manager’s Forty-Second Report, the Manager brought a motion returnable May 3, 2016, which, among other things, sought an order requiring the Waltons to disclose the source of funds used to pay Cohen Sabsay LLP, together with appropriate

¹ Schedule “B” was amended by Order dated January 16, 2014.

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documentary evidence thereof. The Manager's Notice of Motion is attached as **Appendix "A"**. The Manager's 42nd Report is attached as **Appendix "B"**, without appendices.

5. The Manager brought its motion because the Waltons represented to the Court on several occasions that they were impecunious and unable to pay legal or living expenses. They received payments totalling \$406,150 on the strength of those representations. Moreover, the funds diverted from the Schedule "B" Companies had not been accounted for, despite this Court having ordered the Waltons to do so by Order dated October 25, 2013, which is attached hereto as **Appendix "C"**. The Manager was of the view that disclosure with respect to how the Waltons' legal fees were being funded was required in order to fulfill its tracing mandate and ensure that the Applicants' funds were not indirectly funding the Waltons' legal fees.

6. In advance of the hearing, Ms. Walton swore an affidavit stating that her parents were funding her legal fees. Her affidavit is attached as **Appendix "D"**.

7. The Manager was not satisfied with Ms. Walton's bald statement and proceeded with its motion.

8. At the hearing of the Manager's motion, counsel to the Waltons advised that legal fees were being paid by Ms. Walton's parents, Myrne and John Rawlings, through a company named Blue Parrot Properties Ltd. ("**Blue Parrot**"). Justice Newbould issued the following endorsement, which is attached as **Appendix "E"**:

Regarding the source of monies funding Waltons' legal fees to Mr. Cohen, I am satisfied in this case that there is no legal privilege and that if there were, it has been waived. However, in light of the affidavit of Ms. Walton filed today and the statements of Mr. Cohen today, I am adjourning the motion to enable

- 3 -

Ms. Walton to provide hard evidence that the source of the funds are not coming from money invested by Dr. Bernstein.

9. On May 12, 2016, the Waltons' counsel provided corporate documents that showed that Mr. and Mrs. Rawlings were the directors of Blue Parrot. This correspondence, with attachments, is attached hereto as **Appendix "F"**.

10. In response, the Manager's counsel advised by e-mail dated May 12, 2016 that the corporate filings were not evidence that Mr. and Mrs. Rawlings owned Blue Parrot. He requested such evidence, together with evidence of how Blue Parrot had funded the Waltons' legal fees. This request is attached as **Appendix "G"**.

11. The Waltons' counsel responded on May 16, 2016 and provided a share certificate and directors' resolutions, which purport to show that Mr. Rawlings purchased all of the shares of Blue Parrot from a former employee of Rose & Thistle, Amy Collins, for \$690. This correspondence, with attachments, is attached hereto as **Appendix "H"**.

12. In response to the Manager's counsel's query as to how Blue Parrot funded the Waltons' legal fees, the Waltons' counsel provided an email from an articling student at his firm, which stated simply that "Blue Parrot is fully funded by the Rawlings personally or through one of the Rawlings' companies." The e-mail, which is attached as **Appendix "I"**, attached no "hard evidence" as required by Justice Newbould's endorsement.

13. The Waltons' counsel then provided an email from Ms. Walton's parents, stating that Ms. Walton's parents were paying Mr. Cohen's legal fees through their company, Blue Parrot. This correspondence is attached hereto as **Appendix "J"**.

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14. The Manager has received no other information from the Waltons with respect to the source of funds being used to pay their legal fees.

II. The Waltons have not complied with the May 3 Endorsement

15. In the Manager's view, the Waltons have failed to provide "hard evidence" that their legal fees are not being funded using funds invested by the Applicants, as is required by the May 3 Endorsement.

16. The Waltons have tendered an affidavit from Ms. Walton sworn on July 15, 2016 in support of their motion for a declaration that they have complied with the May 3 Endorsement. Ms. Walton's affidavit, like the affidavit she tendered in response to the Manager's motion returnable May 3, 2016, did not append any supporting documentation. In the circumstances, the Manager is not prepared to accept Ms. Walton's uncorroborated evidence.

17. Moreover, when Ms. Walton was cross-examined by the Applicants on March 4, 2015, Ms. Walton testified that her friend, Marisa De Luca, and Ms. De Luca's husband, Matthias Ohm, who are both residents of Germany, are the ultimate owners of Blue Parrot. An excerpt of the Cross-Examination of Ms. Walton is attached hereto as **Appendix "K"**.

18. In summary, the Waltons have not provided "hard evidence" that the source of funds being used to pay their legal fees are not coming from monies invested by Dr. Bernstein, as required by the May 3 Endorsement.

19. Although it is not satisfied with the evidence provided by Ms. Walton, the Manager has not scheduled a further return date for its motion pending determination of the parties' rights following the Application heard June 3, 2016.

III. Conclusions and Recommendations

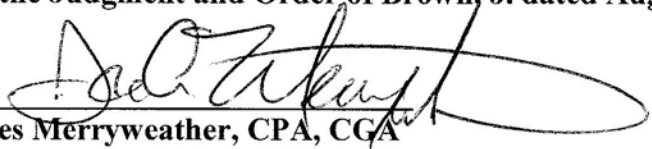
20. In light of the foregoing, the Manager respectfully recommends that the relief sought in the Waltons' Notice of Motion be denied.

All of which is respectfully submitted this 19th day of October, 2016.

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:


James Merryweather, CPA, CGA
Authorized Signing Officer

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.

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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 Inc.
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. Dewhurst Development Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited

32. 165 Bathurst Inc.

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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

Court File No.: CV-13-1 0280-00CL

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NOTICE OF MOTION
(Motion returnable May 3, 2016)

Schonfeld Inc., in its capacity as manager (the “**Manager**”) of (i) certain companies listed in Schedule “B” to the Order of Justice Newbould dated November 5, 2013 (the “**Schedule “B” Companies**”), together with the real estate properties owned by the Companies (the “**Schedule “B” Properties**”), as amended by Order of Justice Newbould dated January 16, 2014, and (ii) the properties listed at Schedule “C” to the Order of Justice Brown dated August 12, 2014 (the “**Schedule “C” Properties**”, together with the Schedule “B” Properties, the “**Properties**”) will make a motion to a judge presiding on the Commercial List on May 3, 2016 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

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

THE MOTION IS FOR:

1. An Order requiring that the Respondents disclose the source of funds used to pay Cohen Sabsay LLP (“**Cohen Sabsay**”), together with appropriate documentary evidence thereof;
2. An Order requiring the Dupont Mortgagees (as defined below) to provide a copy of the GST/HST indemnity for self-assessment by the purchaser of the Property at 1485 Dupont Street within seven (7) days of the date of such Order;
3. An Order approving the Manager’s disallowance of costs claims made by certain lien claimants in connection with the property located at 140 Queen’s Plate Drive (the “**Queen’s Plate Property**”) and approving the settlement reached between the Manager and Peel Education & Tutorial Services Limited (“**Peel Education**”) with respect to Norther Dancer Lands Ltd. (“**Northern Dancer**”); and
4. An Order authorizing the Manager to make an interim distribution of proceeds (the “**Interim Distribution**”) as set out in Appendix “Q” to the 42nd Report of the Manager dated April 21, 2016 (the “**42nd Report**”) (the “**Interim Distribution Table**”) in respect of certain Schedule “C” Companies for which a claims process (each, a “**Claims Process**”) has been conducted pursuant to the Order of Justice Newbould dated September 8, 2014 (the “**September 8 Order**”).

THE GROUNDS FOR THE MOTION ARE:

I. Background

5. The Schedule “B” Companies are a group of real estate development corporations incorporated as part of a series of joint ventures between Dr. Stanley Bernstein and companies that he controls (the “**Bernstein Group**”) and Norma and Ronald Walton (together, the “**Waltons**”) and entities that they control (the “**Walton Group**”). Most of the Schedule “B” Companies were incorporated to purchase and develop a particular Schedule “B” Property.
6. In the summer and fall of 2013, the relationship between the Walton Group and the Bernstein Group broke down amid allegations that the Walton Group had, among other things,

- 3 -

placed mortgages on jointly-held properties without the Bernstein Group's consent and failed to provide reporting required by the agreements that govern the joint venture.

7. Pursuant to the Order of Justice Newbould dated November 5, 2013 (the "**November 5 Order**"), the Manager was appointed to provide independent management of the Schedule "B" Companies and the Schedule "B" Properties for the benefit of all stakeholders.

8. The Manager's mandate was further expanded to include certain other real estate properties owned by the Walton Group, being the Schedule "C" Properties, pursuant to the Reasons of Justice Brown dated August 12, 2014, and the Judgment and Order of Justice Brown dated August 12, 2014 (the "**August 12 Order**").

II. Disclosure Regarding Payment of the Respondents Legal Fees

9. By the within motion, the Manager seeks disclosure from the Waltons with respect to the quantum and source of funds paid to Cohen Sabsay. The Waltons have repeatedly represented that they are unable to pay their legal counsel, including substantial amounts claimed to have been owing to Cohen Sabsay. Based on these representations, they have received a total of \$406,150 to fund their legal, professional and living expenses from the proceeds and refinancing of the Schedule "C" Properties. Moreover, the Waltons have no known source of funds sufficient to pay their legal costs and have failed to account for money invested by Dr. Bernstein. Accordingly, the requested disclosure is required to fulfill the Manager's mandate (in its capacity as Inspector) to trace the funds invested by Dr. Bernstein in the Schedule "B" Companies.

III. Disclosure by the Dupont Mortgagees

10. The property located at 1485 Dupont Street, Toronto (the "**Dupont Property**") was formerly owned by Dupont Developments Ltd. ("**Dupont Developments**") and has now been sold by Millwood Management Limited in its capacity as agent for the mortgagees of the Dupont Property, being Florence Leaseholds Limited, Beatrice Leaseholds Limited and Ada Leaseholds Limited (collectively, the "**Dupont Mortgagees**").

11. As previously described, the Manager is in the process of filing tax returns for each of the Schedule "B" Properties. The Manager has prepared tax returns for Dupont Developments and has received a tax refund of \$60,112.23. In connection with this tax refund, the Canada Revenue

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Agency (“CRA”) has requested certain documents in the possession of the Dupont Mortgagees, as described below.

12. In connection with the sale of the Dupont Property, the Dupont Mortgagees had an obligation to collect HST on the sale of the Dupont Property, unless the purchaser provided a GST/HST indemnity for self-assessment. As the Dupont Mortgagees did not collect HST on the sale of the Dupont Property, the CRA has requested a copy of the purchaser’s GST/HST indemnity for self-assessment in connection with paying the tax refund to which Dupont Developments is entitled. The Manager has requested a copy of the GST/HST indemnity from the Dupont Mortgagees, but the Dupont Mortgagees have refused to provide it.

13. In light of the foregoing, the Manager determined that the assistance of the Court is required in order to secure a copy of the GST/HST indemnity for self-assessment by the purchaser of the Dupont Property so that the Manager may comply with CRA’s request and perform its mandate.

IV. Approval of the Peel Education Claim Settlement

14. Prior to the Manager’s appointment, the Walton Group and Peel Education agreed that the Walton Group would build a school on the lands located at 140 Queens Plate Drive to be leased by Peel Education. Peel Education paid a deposit in the amount of \$58,333 to secure this lease. When it became apparent that the new school building could not be completed when Peel Education required it, Ms. Walton and Peel Education entered into a second lease agreement whereby Peel Education would lease the property located at 1 Cityview Drive (the “**Cityview Property**”).

15. Ultimately, Peel Education submitted a claim against Northern Dancer in the amount of \$900,000. The Manager partially accepted Peel Education’s claim in the amount of \$58,333, which represents the amount of a deposit paid by Peel Education in connection with the lease of the school that was to be built at 140 Queen’s Plate Drive.

16. The Manager and Peel Education have now reached a settlement agreement whereby the Manager would accept Peel Education's claim in the amount of \$87,440 as against Northern Dancer. Of those funds, Peel Education would direct the Manager to direct Northern Dancer to pay \$58,878 to Cityview Industrial Ltd. in satisfaction of a tax and utility liability owing by Peel Education. However, the Manager cannot effect the settlement until disputed costs claims of certain lien claimants against Northern Dancer are finally resolved. As described below, the Manager is of the view that it has properly disallowed such disputed costs claims and seeks the Court's approval of such disallowance.

V. Approval of the Manager's Disallowance of the Disputed Costs Claims

17. As set out in the 42nd Report, the Manager partially disallowed claims for costs relating to construction lien actions commenced after the appointment of the Manager. Each of the underlying lien actions was stayed and did not progress past the filing of the statement of claim, but two of the claimants, Spectra Engineering Ltd. ("**Spectra**") and Melillo Architects Incorporated ("**Melillo**"), still assert an entitlement to costs equal to 25% of the value of the lien or equal to their full indemnity costs (the "**Disputed Costs Claims**"). The liens of Spectra and Melillo have been vacated by the Orders of Master C. A. Albert dated December 15, 2014.

18. The Manager disallowed these claims on the basis that the lien claimants are not owed any debt by the relevant Companies and the costs claims appear to be premised on what is, in the Manager's view, an incorrect interpretation of the *Construction Lien Act*.¹ The context underlying these Disputed Costs Claims, and the Manager's rationale for the partial disallowances in issue, are described in greater particularity in the 42nd Report.

VI. Miscellaneous

19. Rules 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.

20. Such further and other grounds as counsel may advise and this Honourable Court permit.

¹ R.S.O. 1990, c. C.30

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

1. The 42nd Report; and
2. Such further and other material as counsel may advise and this Honourable Court may permit.

Date: April 21, 2016

GOODMANS LLP

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Toronto, Canada M5H 2S7

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Lawyers for the Manager

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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.
31. Eddystone Place Inc.

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

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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
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17. 646 Broadview, Toronto, Ontario

DBDC SPADINA LTD. ET AL

NORMA WALTON ET AL

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

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Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**
(Commercial List)

Proceeding commenced at Toronto

NOTICE OF MOTION

(Motion returnable May 3, 2016)

GOODMANS LLP

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

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Mark Dunn LSUC#: 55510L
Tel: 416.979.2211
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Lawyers for the Manager

B

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

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FORTY-SECOND REPORT OF THE MANAGER, SCHONFELD INC.
(Motion returnable May 3, 2016)

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I. Introduction

1. This is the 42nd Report of Schonfeld Inc. (the “**Manager**”) in its capacity as Manager of (i) certain companies listed at Schedule “B” to the Order of Justice Newbould (the “**November 5 Order**”) dated November 5, 2013 (the “**Schedule B Companies**”),¹ together with the properties owned by those companies (the “**Schedule “B” Properties**”); and (ii) the properties listed at Schedule “C” to the Judgment and Order of Justice Brown dated August 12, 2014 (the “**Schedule “C” Properties**” and together with the Schedule “B” Properties, the “**Properties**”).

A. Purpose of this Report

2. The Manager has brought a motion for certain relief including an Order:
- (a) Requiring that the Respondents disclose the source of funds from which they are paying the fees and retainer of Cohen Sabsay LLP;
 - (b) Requiring that the Dupont Mortgagees (as defined below) provide forthwith a copy of the GST/HST indemnity for self-assessment by the purchaser of the Property at 1485 Dupont Street;
 - (c) Approving the Manager’s disallowance of costs claims made by certain lien claimants in connection with the property located at 140 Queen’s Plate Drive (the “**Queen’s Plate Property**”); and
 - (d) Authorizing the Manager to make an interim distribution of proceeds (the “**Interim Distribution**”) as set out in Appendix “Q” to this Report (the “**Interim Distribution Table**”) in respect of certain Schedule “C” Companies for which a claims process (each, a “**Claims Process**”) has been conducted pursuant to the Order of Justice Newbould dated September 8, 2014 (the “**September 8 Order**”).

¹ Schedule “B” was amended by Order dated January 16, 2014.

- 2 -

3. This 42nd Report contains facts relevant to the Manager's motion returnable May 3, 2016.

B. Background

4. The Schedule "B" Companies are a group of real estate development corporations incorporated as part of a series of joint ventures between Dr. Stanley Bernstein and companies that he controls (the "**Bernstein Group**") and Norma and Ronauld Walton (the "**Waltons**") and entities that they control (the "**Walton Group**"). Most of the Schedule "B" Companies were incorporated to purchase and develop a particular Schedule "B" Property.

5. In the summer and fall of 2013, the relationship between the Walton Group and the Bernstein Group broke down amid allegations that the Walton Group had, among other things, placed mortgages on jointly-held properties without the Bernstein Group's consent and failed to provide reporting, contrary to the agreements that govern the joint venture. The dispute between the Walton Group and Bernstein Group is described in more detail in the Endorsement of Justice Newbould dated November 5, 2013 (the "**November 5 Endorsement**"), which is attached as Appendix "A".

6. Pursuant to the November 5 Order, which is attached as Appendix "B", the Manager was appointed to provide independent management of the Schedule "B" Companies and the Schedule "B" Properties for the benefit of all stakeholders.

7. The Manager's mandate was further expanded to include certain other real estate properties owned by the Walton Group, being the Schedule "C" Properties, pursuant to the Reasons of Justice Brown dated August 12, 2014 (the "**August 12 Reasons**"), which are attached as Appendix "C", and the Order of Justice Brown dated August 12, 2014 (the "**August 12 Order**"), which is attached as Appendix "D".

II. Disclosure Regarding Payment of the Respondents' Legal Fees

8. The Manager has served a motion to compel disclosure from the Waltons with respect to the quantum and source of funds paid to Cohen Sabsay LLP ("**Cohen Sabsay**"). The Waltons have repeatedly represented that they are unable to pay their legal counsel, including substantial amounts claimed to have been owing to Cohen Sabsay. Based on these representations, they have received a total of \$406,150 from the sale and refinancing of certain Schedule "C" Properties in order to pay litigation and living expenses, thereby reducing the funds under the Manager's control. Moreover, the Waltons have no known source of funds sufficient to pay their legal costs and have failed to account for money invested by Dr. Bernstein. Accordingly, the requested disclosure is required to fulfill the Manager's mandate (in its capacity as Inspector) to trace the funds invested by Dr. Bernstein in the Schedule "B" Companies.

9. Shortly after these proceedings were commenced, the Respondents (other than Norma Walton) retained Cohen Sabsay. As described below, Cohen Sabsay has been paid primarily from Schedule "C" Properties in accordance with orders of this Court.

10. By Reasons for Decision dated May 20, 2014, which are attached as Appendix "E", this court approved Ms. Walton's proposal that Cohen Sabsay be paid \$67,800 from the proceeds of the proposed sale of a Schedule "C" Property at 66 Gerrard Street (the "**Gerrard Property**"). Ultimately, the proposed sale did not close and the Waltons refinanced the Gerrard Property. As approved by order of this Court dated June 16, 2014, a total of \$288,150 was paid from the refinancing of the Gerrard Property to fund the Respondents' legal and professional fees and living expenses. These payments substantially reduced the amount available for other stakeholders.

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11. This Court ordered further payments to the Waltons by Order of Justice Newbould dated March 5, 2015 (the “**March 5 Order**”), which is attached as Appendix “F”. The March 5 Order required the Manager to pay \$6,000 per month to the Waltons for living expenses until the end of the mediation or for six months, whichever time period was shorter, as well as \$80,000 for fees and disbursements incurred by Lax O’Sullivan Lissus Gottlieb, which was then acting for Ms. Walton.

12. Justice Newbould declined to order that any amount be paid to Mr. Cohen’s law firm for representation of Mr. Walton, following which, Mr. Cohen advised that Cohen Sabsay would no longer act for the Respondents.

13. By Order dated June 26, 2015, which is attached as Appendix “G”, Justice Newbould ordered that \$20,000 be paid to Corbett Law Professional Corporation for legal fees and disbursements relating to representing the Respondents on the motions then scheduled to be argued on September 2015.

14. In all, the Waltons have received funding totalling \$406,150 to fund their legal, professional and living expenses from the proceeds and refinancing of the Schedule “C” Properties. This amount is summarized below:

Order Date	Payment
June 16, 2014 ²	\$67,800 to Cohen Sabsay
	\$101,700 to Froese Forensics
	\$101,700 to BTY Group
	\$16,950 to Intrepid QS
March 5, 2015 ³	\$80,000 to Lax O'Sullivan Lisus Gottlieb
	\$18,000 for living expenses
June 26, 2015 ⁴	\$20,000 to Corbett Law Professional Corporation

B. The Waltons represented they had no funds to pay counsel

15. On February 24, 2015, Mr. Walton swore an affidavit representing that Cohen Sabsay was owed \$42,695 and required substantial further funds to complete the mediation of this matter that had been scheduled. Mr. Walton represented that his wife earned approximately \$6,100 per month and he earned no income. In her affidavits sworn February 18, 2015, which is attached as Appendix "H", and June 24, 2015, which is attached as Appendix "I", Ms. Walton swore that the Waltons had no ability to pay their legal fees or living expenses without access to funds from either the Schedule "B" Companies or Schedule "C" Properties.

16. On January 25, 2016, Ms. Walton advised that the Respondents had again retained Cohen Sabsay to respond to the Applicant's application now returnable June 3, 2016. Cohen Sabsay

² These amounts were paid from the refinancing of the Schedule "C" the Gerrard Property. The funds were paid by the mortgagee directly to the Waltons.

³ These amounts were paid from the proceeds of the sale of 24 Cecil Street, Toronto.

⁴ *Ibid.*

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has been active since being retained: it served a motion seeking Justice Newbould's recusal, had two lawyers attend a full day of argument relating to that motion (which was denied), served a "counter-application" seeking various relief and attended various 9:30 chambers attendances.

17. The Manager has an ongoing mandate to trace⁵ how funds invested in the Schedule "B" Properties were used. As has previously been reported, \$78 million invested by Dr. Bernstein in the Schedule "B" Companies was diverted from these companies to Rose & Thistle Group Ltd. ("**Rose & Thistle**"). The Waltons and the Schedule "C" Companies retained approximately \$23 million of this amount, after accounting for transfers from Rose & Thistle to the Schedule "B" Companies. This Court has found on numerous occasions that these diverted funds have never been accounted for.

18. In addition, the foregoing funds were awarded to the Waltons on an interim basis so they could fund necessary expenses pending a final determination of the matters at issue in this proceeding. There was no final determination that the Waltons were the proper recipients of these funds. If the Waltons' circumstances have changed and they are now able to fund their living and legal expenses, then it may be appropriate for them to repay some or all of these amounts.

19. In light of all the foregoing, counsel for the Manager wrote to Ms. Walton on January 26, 2016 to ask how Cohen Sabsay had been paid for its past and future services. Ms. Walton replied that "how we retained Mr. Cohen is fully covered by solicitor and client privilege." The

⁵ The Manager's ongoing tracing mandate is set out in the Order of Justice Newbould, dated October 4, 2013, which is attached as Appendix "J", and the Order of Justice Newbould dated October 25, 2013, which is attached as Appendix "K".

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Manager's counsel subsequently wrote to Mr. Cohen asking him to identify any authority that supported the Respondents' privilege assertion. Mr. Cohen did not respond to this e-mail. This correspondence is attached as Appendix "L".

20. Having taken advice from its counsel, the Manager does not accept the assertion of privilege. Accordingly, the Manager has brought a Motion to compel the Respondents to disclose the source of funds being used to pay Mr. Cohen's legal fees.

III. 1485 Dupont Street

A. Disclosure by the Dupont Mortgagee

21. The property located at 1485 Dupont Street, Toronto (the "**Dupont Property**") was formerly owned by Dupont Developments Ltd. ("**Dupont Developments**") and has now been sold by Millwood Management Limited in its capacity as agent for the mortgagees of the Dupont Property, being Florence Leaseholds Limited, Beatrice Leaseholds Limited and Ada Leaseholds Limited (collectively, the "**Dupont Mortgagees**").

22. As previously described, the Manager is in the process of filing tax returns for each of the Schedule "B" Properties. The Manager has prepared tax returns for Dupont Developments and has received a tax refund of \$60,112.23. In connection with this tax refund, the Canada Revenue Agency ("**CRA**") has requested certain documents in the possession of the Dupont Mortgagees, as described below. Similar documentation has been requested of, and received from, several other mortgagees who sold Schedule "B" Properties pursuant to enforcement proceedings.

23. While title to the Dupont Property remained in Dupont Developments, the Dupont Mortgagees sold the Dupont Property under power of sale. When this sale was completed, the Dupont Mortgagees had an obligation to collect HST on the sale of the Dupont Property, unless

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the purchaser provided a GST/HST indemnity for self-assessment. As the Dupont Mortgagees did not collect HST on the sale of the Dupont Property, the CRA has requested a copy of the purchaser's GST/HST indemnity for self-assessment in connection with paying the tax refund to which Dupont Developments is entitled.

24. The Manager has requested a copy of the GST/HST indemnity from the Dupont Mortgagees, but the Dupont Mortgagees have refused to provide it. The relevant correspondence between the Manager's counsel and Mr. Brudner, on behalf of the Dupont Mortgagees, is attached as Appendix "M".

25. In light of the foregoing, the Manager determined that the assistance of the Court is required in order to secure a copy of the GST/HST indemnity for self-assessment by the purchaser of the Dupont Property so that the Manager may comply with CRA's request and perform its mandate.

IV. Northern Dancer Lands Ltd.

A. Settlement of the Peel Education Claim

26. Prior to the Manager's appointment, the Walton Group and Peel Education & Tutorial Services Limited ("**Peel Education**") agreed that the Walton Group would build a school on the lands located at 140 Queens Plate Drive to be leased by Peel Education. Peel Education paid a deposit in the amount of \$58,333 to secure this lease. When it became apparent that the new school building could not be completed when Peel Education required it, Ms. Walton and Peel Education entered into a second lease agreement whereby Peel Education would lease the property located at 1 Cityview Drive (the "**Cityview Property**").

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27. Peel Education occupied the Cityview Property throughout the time that the Manager was responsible for the Cityview Property. When the Cityview Property was sold, Peel Education owed \$58,878 for taxes and utilities that it was responsible for under the terms of its lease. Ultimately, Peel Education submitted a claim against Northern Dancer Lands Limited (“**Northern Dancer**”) in the amount of \$900,000. The Manager partially accepted Peel Education’s claim in the amount of \$58,333, which represents the amount of the deposit paid by Peel Education in connection with the lease of the school that was to be built at 140 Queen’s Plate Drive.

28. The Manager and Peel Education have now reached a settlement agreement whereby the Manager would accept Peel Education’s claim in the amount of \$87,440 as against Northern Dancer. Of those funds, Peel Education would direct the Manager to direct Northern Dancer to pay \$58,878 to Cityview Industrial Ltd. in satisfaction of a tax and utility liability owing by Peel Education. However, the Manager cannot effect the settlement until disputed costs claims of certain lien claimants against Northern Dancer are finally resolved. As described below, the Manager is of the view that it has properly disallowed the disputed costs claims and seeks the Court’s approval of such disallowance.

b. The Manager has properly disallowed costs claims by lien claimants

29. As set out in the Manager’s 22nd and 35th Reports, the Manager partially disallowed claims for costs relating to construction lien actions commenced after the appointment of the Manager. Each of the underlying lien actions was stayed and did not progress past the filing of the statement of claim, but two of the claimants, Spectra Engineering Ltd. (“**Spectra**”) and Melillo Architects Incorporated (“**Melillo**”), still assert an entitlement to costs equal to 25% of the value of the lien or equal to their full indemnity costs (the “**Disputed Costs Claims**”). The

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liens of Spectra and Melillo have been vacated by the Orders of Master C. A. Albert dated December 15, 2014, which are attached as Appendix “N” and “O” respectively.

30. The Manager disallowed these claims on the basis that the lien claimants are not owed any debt by the relevant Companies and the costs claims appear to be premised on what is, in the Manager’s view, an incorrect interpretation of the *Construction Lien Act*.⁶ The context underlying these Disputed Costs Claims, and the Manager’s rationale for the partial disallowances in issue, are described below.

31. In the period that preceded the appointment of the Manager on November 5, 2013, a number of contractors working on the Properties were not paid for some or all of their work. Many of these contractors registered liens pursuant to the *Construction Lien Act*. The *Construction Lien Act* requires that a lien claimant register a lien on title to preserve their claim and then commence an action and (in some cases) register a certificate of action on title in order to perfect its lien. If a lien is not perfected within the prescribed period then the relevant lien expires.

32. The November 5 Order included a stay of proceedings against the Companies but provided that its terms did not operate to “prevent the filing of any registration to preserve or perfect a security interest” or “prevent the registration of a claim for lien.” The Manager has, from the inception of these proceedings, taken the position that lien claimants were entitled to commence actions to perfect their security interests but that the stay of proceedings imposed by the November 5 Order precluded further steps in any of the construction lien actions. This position was clarified in the Order of Justice Newbould dated January 16, 2014 (the “**January 16 Order**”) and attached as Appendix “P”, which provided that:

4. THIS COURT ORDERS that persons claiming to be entitled to liens under the *Construction Lien Act*, R.S.O. 1990, c. C.30 are hereby granted relief from the stay provisions of the November 5 Order solely to allow them to register claims for liens against the Properties and to issue and serve statements of claim to perfect and protect their alleged security interests.

⁶ R.S.O. 1990, c. C.30

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33. The practical effect of the November 5 Order and January 16 Order was that many companies registered liens against the Properties and commenced actions to perfect these liens but none of these actions proceeded any further.

34. Many of the Properties that the Manager and mortgagees sold have had construction liens registered against them. If these Properties were to be sold outside of a court supervised process, then the liens would have to be vacated either: (i) with the consent of the lien claimant; or (ii) by paying money into Court pursuant to section 44(1) of the *Construction Lien Act*. Section 44(1) of the *Construction Lien Act* allows any person to seek an order vacating a claim for lien from title upon paying into court an amount comprised of two components: (i) the full amount of the claim for lien (the “**Claim Component**”); and (ii) an additional 25% as security for costs to a maximum of \$50,000 (the “**Costs Component**”).

35. Each time the Manager sold a Property, it obtained an order approving each sale and vesting any liens (and other encumbrances) off of the title to that Property. Rather than pay money into Court pursuant to Section 44(1) of the *Construction Lien Act*, the Manager or its counsel held an amount in trust equal to the Claim Component and the Costs Component (the “**Lien Holdback**”). In each case, the Lien Holdback was to be held pending further order of the Court.

36. The Disputed Costs Claims appear to be based on the premise that section 44(1) of the *Construction Lien Act* entitles a lien claimant to a costs award equal to 25% of its claim and that the lien claimants are entitled to the Costs Component as of the Lien Holdback as a matter of right. Having consulted with its counsel, the Manager does not agree. The *Construction Lien Act* provides that a lien claimant is entitled to *security* for a potential future costs award. Unless and until costs are awarded, a defendant to a lien claim does not owe costs pursuant to the *Construction Lien Act*, or otherwise.

37. More specifically, section 44(1) outlines the purpose of both the Claim Component and the Cost Component. It explicitly states that the Costs Component is paid as security for costs:

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Without notice

44. (1) Upon the motion of any person, without notice to any other person, the court shall make an order vacating,

(a) where the lien attaches to the premises, the registration of a claim for lien and any certificate of action in respect of that lien; or

(b) where the lien does not attach to the premises, the claim for lien,

where the person bringing the motion pays into court, or posts security in an amount equal to, the total of,

(c) the full amount claimed as owing in the claim for lien; and

(d) the lesser of \$50,000 or 25 per cent of the amount described in clause (c), as security for costs. [Emphasis added].

38. The *Construction Lien Act* provides that the purpose of the Claim Component of the payment is to satisfy “the amount claimed as owing.” In other words, it serves as security for the debt the defendant allegedly owes the lien claimant. In contrast, the second amount is paid “as security for costs;” it is not paid to satisfy any part of the debt allegedly owing to the lien claimant. In the Manager’s view, the costs provisions of the *Construction Lien Act* does not create a new debt that should be paid in the claims process.

39. Neither Spectra nor Melillo have provided any basis upon which the Manager’s disallowance of the Disputed Costs Claims should be overturned. Accordingly, the Manager respectfully requests that this Court approve its disallowance of the Disputed Costs Claims.

V. Interim Distributions in respect of Schedule “C” Companies

40. As noted above, the Manager was appointed as Manager of the Schedule “C” Properties pursuant to the August 12 Order. Where the sale of a Schedule “C” Property has resulted in net

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proceeds being realized by a Schedule “C” Company, the Manager is holding such proceeds in trust pending completion of an orderly and transparent process for the identification and evaluation of claims asserted by creditors of the applicable Schedule “C” Company.

41. The Manager has completed Claims Processes in respect of the following Schedule “C” Companies: 30A Hazelton Inc., Atala Investments Inc., 1780355 Ontario Inc., Bible Hill Holdings Ltd., United Empire Lands Ltd., St. Clarens Holdings Ltd., Emerson Developments Ltd. and 6195 Cedar Street Ltd. The Manager is of the view that it is appropriate to make Interim Distributions in respect of such Schedule “C” Companies in accordance with the Interim Distribution Table, which is attached as Appendix “Q”, by:

- (a) distributing proceeds in respect of those claims which have been allowed pursuant to the applicable Claims Process;
- (b) reserving funds in respect of any (i) disallowed claims that are being disputed or for which the applicable dispute period has not expired, (ii) potential tax liabilities, and (iii) estimated future professional fees; and
- (c) distributing the remaining proceeds following the distributions in (a) and deducting for the reserved in (b) as an interim equity distribution,

in each case as specifically set out in the Interim Distribution Table.

VI. Royal Gate Holdings Ltd.

42. Pursuant to a lease agreement dated April 1, 2008 and a lease extension agreement dated July 8, 2008 (together, the “**Lease**”) entered into between Royal Gate Nominee Inc. (“**Royal Gate**”) and 6N Silicon Inc. (“**Silicon**”), Silicon was responsible for the payment of rent and utilities in connection with its use of premises located at 1 Royal Gate Boulevard, Vaughan (the

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“Royal Gate Property”). The Lease is attached as Appendix **“R”**. Pursuant to the Lease, Silicon is in arrears for outstanding utilities totalling \$230,404.36 (the **“Outstanding Arrears”**). The rental property manager for the Royal Gate Property, Briarlane Property Management Inc. (**“Briarlane”**), and its counsel have made repeated demands for payment of the Outstanding Arrears. Copies of the demand letters sent by Briarlane’s counsel are attached as Appendix **“S”**. The Manager has been unable to collect the Outstanding Arrears owed by Silicon. Moreover, Silicon has left the Royal Gate Property and its phone and fax lines appear to have been disconnected. Calls and correspondence to Silicon’s U.S. parent company have not been returned.

43. In the circumstances, the Manager does not expect to take any further action in respect of Silicon at this time.

VII. Tax Refunds

44. The Manager’s filing of tax returns has resulted in the receipt of tax refunds in respect of certain Schedule **“B”** Companies. The tax refunds received to date are set out in the chart attached as Appendix **“T”**.

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VIII. Conclusions and Recommendations

45. In light of the foregoing, the Manager respectfully recommends that the relief sought in its Notice of Motion be granted.

All of which is respectfully submitted this 21st day of April, 2016.

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: 

James Merryweather, CPA, CGA
Authorized Signing Officer

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.

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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 Inc.
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. Dewhurst Development Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited

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32. 165 Bathurst Inc.

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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

6551778

C

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

) FRIDAY, THE 25th DAY

)

JUSTICE NEWBOULD

)

) OF OCTOBER, 2013

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 ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

ORDER

THIS MOTION made by the Applicants, DBDC Spadina Ltd. and those Corporations Listed on Schedule "A" hereto for an Order appointing Schonfeld Inc. Receivers + Trustees, as manager without security, of all of the assets, undertakings and properties of the Schedule "B" Corporations, or for other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Jim Reiton sworn October 24, 2013 and the Exhibits thereto, the First Interim Report of the Inspector, Schonfeld Inc., the Supplemental Report to the First Interim Report of the Inspector and the Exhibits thereto, and on hearing the submissions of counsel for the Applicants, counsel for the Inspector and counsel for the Respondents,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that the Applicants' motion is adjourned to November 1, 2013 at 10:00am, returnable before This Court, pending further review and instruction of This Court;
3. THIS COURT ORDERS the following interim relief:
 - (a) the Order of the Honourable Justice Newbould dated October 4, 2013 continues in full force and effect except as modified below;
 - (b) the Inspector and the Applicants or a person whom they may nominate at their sole discretion shall have on-line and electronic as well as hard copy access to the bank accounts of the Schedule B Companies and the Rose & Thistle Group Ltd.;
 - (c) ✓ no withdraw^{al}, transfer out of or other debit shall take place in the bank accounts of the Schedule B Companies or The Rose & Thistle Group (the "Bank Accounts") without the express written consent of ~~both~~ the Applicants or a person whom they may nominate at their sole discretion; ~~and the Inspector~~; ✓ ²⁰¹
 - (d) the Applicants or a person whom they may nominate at their sole discretion shall be given co-signing authority over the Bank Accounts;
 - (e) all payments to the Bank Accounts in the ordinary course shall continue and shall not require the consent of the Applicants or the Inspector, including without limiting the generality of the foregoing (i) rent and/or lease payments, and (ii) proceeds of any sales in respect of transactions that are already the subject of binding agreements of purchase and sale, subject to any further relief sought by the Applicants in that regard; and

- (f) there shall be no steps taken in furtherance of a sale of or agreement in respect of any of the real estate properties owned with the Schedule B Companies.

DUTY TO PROVIDE ACCESS AND CO-OPERATION

205- THIS COURT ORDERS that (i) the Schedule "B" Corporations *and the Rose + Thistle Group Ltd* (ii) all of their current ~~and former~~ directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, including but not limited to the Respondents and all others having notice of this Order; (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order; and (iv) Meridian Credit Union; and (v) without limiting the generality of the foregoing, Norma Walton, Ronauld Walton, anyone acting under the instructions of anyone listed in this paragraph; and (vi) anyone with notice of this order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall be advised of this order and shall provide all necessary cooperation to the Applicants and/or the Inspector to give effect thereto.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Inspector 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 Schedule "B" Corporations, 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 Inspector or permit the Inspector to make, retain and take away copies thereof and grant to the Inspector unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 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 Inspector due to the privilege attaching to solicitor-client communication or litigation work product belong to a Shareholder or a director of a Schedule "B" Corporations personally or due to statutory provisions prohibiting such disclosure.

6. THIS COURT DIRECTS the Respondents not to interfere with the cooperation of any persons set out in paragraphs 4 and 5 above;

7. THIS COURT ORDERS that the Records shall, upon reasonable notice to the Inspector and during normal business hours of the Inspector, be open to examination by each of the parties and their respective legal counsel, and that a copy of these Records be provided by the Inspector of the parties upon request, the reasonable costs associated with such access and copies to be determined by the Inspector, and invoiced to and paid by the requesting party to the Inspector forthwith.

8. 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 Inspector for the purpose of allowing the Inspector 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 Inspector in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Inspector. Further, for the purposes of this paragraph, all Persons shall provide the Inspector with all such assistance in gaining immediate access to the information in the Records as the Inspector may in its discretion require including providing the Inspector with instructions on the use of any computer or other system and providing the Inspector with any and all access codes, account names and account numbers that may be required to gain access to the information.

INSPECTOR'S POWERS

9. THIS COURT ORDERS that Inspector shall have the power to review all receipts and disbursements from the Bank Accounts and to request and receive on a timely basis from the Respondents particulars of all receipts and disbursements sufficient for the Inspector to identify such transfers, the parties involved and the reasons therefore;

OTHER

10. THIS COURT ORDERS that the Respondents shall provide forthwith a full accounting of all monies received, disbursed, owed to and owed from the Schedule "B" Corporations and The Rose & Thistle Group Ltd. since September, 2010 to the present.

11. THIS COURT ORDERS that the Respondents are enjoined from advising or instructing any Person that any payments made in the ordinary course of the Schedule "B" Corporations or the Rose & Thistle Group Ltd. be directed elsewhere other than to the accounts that are subject to this Order.

12. THIS COURT ORDERS that Meridian Credit Union and any other financial institution holding Bank Accounts for or of the Schedule "B" Companies and/or the Rose & Thistle Group Ltd. shall be served with this Order and shall comply with the terms thereof, including but not limited to putting in place appropriate controls to ensure that the orders herein shall be complied with by the parties

13. THIS COURT ORDERS that the Respondents shall disclose forthwith to the Applicants and the Inspector the municipal addresses of any real estate properties associated with the corporations or entities listed on Schedule "M" to the First Interim Report of the Inspector, Schonfeld Inc.

2013-10-25

ON THIS DAY OF OCTOBER 2013
IN THE COURT OF CHANCERY
BY: JAMES J. SCHONFELD

OCT 25 2013

NB

DBDC SPADINA LTD., and those corporations listed on Schedule -and- NORMA WALTON et al.
A hereto Plaintiffs Defendants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

ORDER

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H 3P5

Peter H. Griffin (19527Q)

Tel: (416) 865-2921
Fax: (416) 865-3558
Email: pgriffin@litigate.com
Shara N. Roy (49950H)
Tel: (416) 865-2942
Fax: (416) 865-3973
Email: sroy@litigate.com

Lawyers for the Plaintiffs

D

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

Applicants

and

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP
LTD., EGLINTON CASTLE INC., and THOSE CORPORATIONS LISTED ON
SCHEDULE C HERETO

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE BOUND BY THE
RESULT AND THE REAL PROPERTY LISTED ON SCHEDULE C HERETO, TO BE
BOUND BY THE RESULT

and

SUCH OTHER RESPONDENTS FROM TIME TO TIME AS ARE ON NOTICE OF THESE
PROCEEDINGS AND ARE NECESSARY TO EFFECT THE RELIEF SOUGHT

**AFFIDAVIT OF NORMA WALTON
Sworn May 2, 2016**

I, NORMA WALTON, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

- 1) I am a respondent in this litigation and as such, I have personal knowledge of the matters deposed to herein. Where I do not have personal knowledge, I set out the source of my information, which information I believe to be true.
- 2) The Manager on behalf of Dr. Bernstein has queried the source of funds for my payment to my lawyer, Howard Cohen.
- 3) The Manager served his motion for fee allocation approval last Thursday on short notice returnable tomorrow and added in that query. He states "The Waltons have repeatedly represented that they are unable to pay their legal counsel...accordingly the requested disclosure is required to fulfill the Manager's mandate in its capacity as Inspector to trace the funds invested by Dr. Bernstein in the Schedule "B" Companies."
- 4) I have already advised the Manager that I believe the information they request is privileged as between myself and my lawyer. I am not willing to waive the privilege nor have I waived that privilege in the past. The Manager asserts in his Factum that because I asked the Court for assistance with living expenses and legal fees in the past I have forever waived privilege then and going forward. That is not my understanding of the law nor is it or ever was it my intention.
- 5) I am no longer in receivership and I am not bankrupt. I am not sure the basis under which the Inspector/Manager believes he can overturn solicitor/client privilege to obtain information. The solicitor/client relationship is sacrosanct. In my view there is no reason to grant the

Manager/Inspector's request, particularly given that due to Dr. Bernstein's accusations this matter has now become a criminal matter.

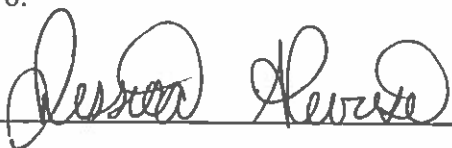
- 6) Both Mr. Schonfeld and Mr. Smith have conducted a thorough investigation of my financial dealings during the period of time that I was partners with Dr. Bernstein. Both have confirmed that they have found no evidence that any monies made their way outside of the real estate portfolio and that they have accounted for all monies.
- 7) Justice Brown (as he then was) relied upon the Manager's analysis in that regard to make the constructive trust findings that he did. Yet in the Manager's Factum they state "The Respondents have failed to account for millions of dollars diverted from the Schedule B companies." That is a gross misstatement and flies in the face of the Manager's representations to the Court in this litigation that they have traced the money. The Manager has traced all monies from Schedule B to Rose and Thistle to Schedule C. That was the information relied upon by Justice Brown and upon which the Manager was so confident.
- 8) Further I have fully accounted for the money that was transferred from Schedule B to Rose and Thistle in numerous affidavits, most recently in two affidavits related to the Motion returnable June 3, 2016. The Manager steadfastly refuses to give me any credit for the substantial work done by Rose and Thistle to the properties and for the deposits paid by Rose and Thistle to purchase the properties to fully account for the money transferred from Schedule B to Rose and Thistle. Their statement is unfair and unjustified.

- 9) The Manager states that I have refused to account to Dr. Bernstein for the funds he invested. That is also untrue and again is contrary to the Manager's reports filed in this matter where they have confirmed that of the \$78 million provided by Dr. Bernstein as equity, \$54.4 million was used to purchase the properties. The remaining \$23.6 million was used to manage, renovate, development-approve, sever, construct and otherwise improve the properties in accordance with the pro formas provided to Dr. Bernstein prior to his investment in the property, as evidenced by the dramatic increase in value of those properties from time of purchase to time of appraisal. I have been trying to explain this to the Court from the beginning. The Manager continues to refuse to give Rose and Thistle any credit for this work even though it resulted in a \$45 million increase in the appraised value of the properties over the three year time period in question.
- 10) The Manager's comment that I took \$78 million of Dr. Bernstein's money is completely inaccurate based on their own analysis of the portfolio and based on the fact that we purchased 32 properties as set out above.
- 11) At Dr. Bernstein's behest, the Manager sold the entire Walton portfolio for approximately \$120 million less than the appraised value of the properties and has incurred another \$30 million of lawyer's fees, lender's fees, receiver's fees, receiver's legal fees and similar charges. That \$150 million in destruction of equity explains why all of our equity has been lost; most of our investors' equity has been lost; and the bulk of Dr. Bernstein's equity has been lost. Dr. Bernstein's decision to litigate has been financially disastrous for all parties.

- 12) The Manager's suggestion that this query about my ability to fund counsel is part of their ongoing tracing mandate is nonsense. They have refused to trace money on behalf of the Schedule C investors – a much larger number and of much more significance to this matter - yet they are spending money to determine the source of money to pay my lawyer? The Manager has touted with great confidence the forensic analysis they have completed and which they have relied upon extensively to support a number of orders made thus far in these proceedings.
- 13) I am not waiving solicitor/client privilege.
- 14) While not waiving solicitor/client privilege, I am willing to disclose to the Court the source of funds to hire Mr. Cohen because I don't have the money to fight over issues like this, whereas the Manager is using proceeds of sale from our properties to fund himself to make these queries.
- 15) First of all, the Manager made a statement in his Factum that implied that I must have paid Guillermo Schible and John Campion their legal bills because neither party has sued me. I have not paid Mr. Schible nor Mr. Campion the monies I owe them because I cannot afford to at this time. Hence the Manager's implication is inaccurate.
- 16) Secondly, I have not paid to Mr. Cohen the arrears I owe him. I cannot afford to pay those arrears at this time.

- 17) Mr. Cohen has graciously agreed to assist me with defending against Dr. Bernstein's litigation so long as I keep his current bills paid on the understanding that when I can afford to I will pay him the arrears I owe him.
- 18) To pay Mr. Cohen's current bills I have had to borrow the money from my parents. They have been fully funding Mr. Cohen for his current fees to assist me.
- 19) I am hopeful the above information will satisfy this request on behalf of the Manager. As already advised above, I am not waiving solicitor client privilege in any capacity now or going forward and I am relying on that privilege in these proceedings and all other court matters.
- 20) I make this affidavit to defend against the Manager's motion and for no improper purpose.

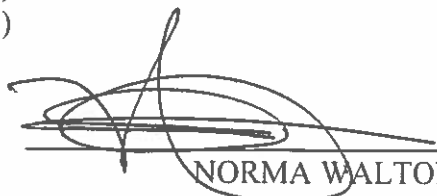
SWORN before me at the City of Toronto, in)
 the Province of Ontario, this day of May,)
 2016.)



A Commissioner for Taking Affidavits

LSUC # 691995

Jessica Parise



NORMA WALTON

**ONTARIO SUPERIOR
COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceeding commenced at:

TORONTO

**AFFIDAVIT OF
NORMA WALTON
Sworn May 2, 2016**

COHEN, SABSAY LLP

901 – 357 Bay Street

Toronto, ON M5H 2T7

Howard C. Cohen (LSUC No.
18272C)

Tel.: 416-364-7436

Fax: 416-364-0083

E-mail: cohen@cohensabsay.com

Jessica S. Parise (LSUC No. 69199S)

Tel.: 416-364-7436

Fax: 416-364-0083

E-mail: jessica@cohensabsay.com

Lawyers for the Respondents

E

DBDC SPADINA LTD., et al
Applicants

NORMA WALTON, et al
Respondents

May, 3, 2016 57
Court File No. CV-13-10280-00CL

May 3, 2016

Real education settlement and the disallowance of
of claim claims are unopposed. Orders to go.
Regarding the source of money for Ms. Walton's legal
fees to Mr. When, I am satisfied in this case that
there is no legal privilege and that if there was,
it has been waived. However in light of the
affidavit of Ms. Walton filed today and the
statements of Mr. When today, I am adjourning
the motion to enable Ms. Walton to provide hard
evidence that the source of the funds are not
coming from money invested by Dr. Bernstein.
The relief regarding Dayant is adjourned as well.

Shel J

Date: April 1, 2016

6557930

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

MOTION RECORD OF THE MANAGER,
SCHONFELD INC.

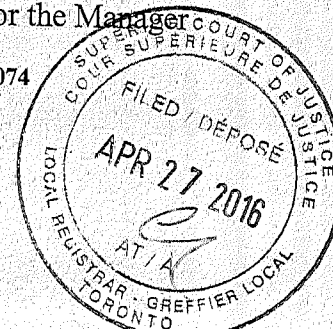
(Motion for approval of a fee allocation
methodology for the period December 1, 2014 to
January 1, 2016)

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Brian Empey LSUC#: 30640G
Mark S. Dunn LSUC#: 55510L
Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Manager

File No. 14-0074



F

From: [Jessica Parise](#)
To: [Dunn, Mark](#); sroy@litigate.com
Cc: [Howard Cohen](#); dglatt@litigate.com; [Empey, Brian](#); pgriffin@litigate.com; [Reception at Cohen-Sabsay](#)
Subject: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report
Date: Thursday, May 12, 2016 4:32:28 PM
Attachments: [image001.png](#)
[Form 1- Adding John as director Amy and Gail resigning. Blue Parrot.pdf](#)
[Form 1 -Adding Myrne as director. Blue Parrot.pdf](#)
[Coporate Profile Report. Blue Parrot..pdf](#)

Hello Mr. Dunn and Ms. Roy,

Further to the Endorsement of Justice Newbould, dated 3 May, 2016, please see attached the following documents with respect to Blue Parrot Properties Ltd:

1. Form 1-Notice of Change: appointing John Rawlings as director wherein Gail and Amy Collins resigned, dated March 24, 2015;
2. Form 1-Notice of Change: appointing Myrne Rawlings as a second director, dated September 8, 2015; and,
3. Corporate Profile Report which confirms John & Myrne Rawlings as sole directors.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.
Associate Lawyer



357 Bay Street, Suite 901
 Toronto, ON M5H 2T7
 Tel: 416-364-7436 x225
 Fax: 416-364-0083
 Email: jessica@cohensabsay.com

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Form 1 - Ontario Corporation Initial Return / Notice of Change

Formule 1 - Personnes morales de l'Ontario Rapport initial / Avis de modification

Corporations Information Act / Loi sur les renseignements exigés des personnes morales

Please type or print all information in block capital letters using black ink.

Prérez de dactylographier les renseignements ou de les écrire en caractères d'imprimerie à l'encre noire.

	Initial Return Rapport initial	Notice of Change Avis de modification
1. Business Corporation/ Société par actions	<input type="checkbox"/>	<input type="checkbox"/>
Not-For-Profit Corporation/ Personne morale sans but lucratif	<input type="checkbox"/>	<input type="checkbox"/>

2. Ontario Corporation Number Numéro matricule de la personne morale en Ontario 002445431	3. Date of Incorporation or Amalgamation/ Date de constitution ou fusion Year/Année Month/Mois Day/Jour 2014 12 10	For Ministry Use Only À l'usage du ministère seulement
4. Corporation Name Including Punctuation/Raison sociale de la personne morale, y compris la ponctuation BLUE PARROT PROPERTIES LTD.		
5. Address of Registered or Head Office/Adresse du siège social do / als Street No./N° civique Street Name/Nom de la rue Suite/Bureau 25 Hollinger Road 10 Street Name (cont'd)/Nom de la rue (suite) City/Town/Ville Toronto ONTARIO, CANADA Postal Code/Code postal M4B3N4		
6. Mailing Address/Adresse postale Street No./N° civique Street Name/Nom de la rue Suite/Bureau Street Name (cont'd)/Nom de la rue (suite) City/Town/Ville Province, State/Province, État Country/Pays Postal Code/Code postal		
7. Language of Preference/Langue préférée English - Anglais <input checked="" type="checkbox"/> French - Français <input type="checkbox"/>		
8. Information on Directors/Officers must be completed on Schedule A as requested. If additional space is required, photocopy Schedule A./Les renseignements sur les administrateurs ou les dirigeants doivent être fournis dans l'Annexe A, tel que demandé. Si vous avez besoin de plus d'espace, vous pouvez photocopier l'Annexe A. Number of Schedule A(s) submitted/Nombre d'Annexes A présentées 2 (At least one Schedule A must be submitted/Au moins une Annexe A doit être présentée)		

9. (Print or type name in full of the person authorizing filing / Dactylographier ou inscrire le prénom et le nom en caractères d'imprimerie de la personne qui autorise l'enregistrement)

I/Je John Rawlings

certify that the information set out herein, is true and correct.
atteste que les renseignements précités sont véridiques et exacts.

Check appropriate box
Cocher la case pertinente

D) ☒ Director/Administrateur

O) ☐ Officer /Dirigeant

P) ☐ Other individual having knowledge of the affairs of the Corporation/Autre personne ayant connaissance des activités de la personne morale

Note/Remarque : Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions. Les articles 13 et 14 de la Loi sur les renseignements exigés des personnes morales prévoient des peines en cas de déclaration fausse ou trompeuse, ou d'omission.

Form 1 - Ontario Corporation/Formule 1 - Personnes morales de l'Ontario Schedule A/Annexe A

60

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Page/Page _____ of/de _____

Please type or print all information in block capital letters using black ink.
Prière de dactylographier les renseignements ou de les écrire en caractères d'imprimerie à l'encre noire.

Ontario Corporation Number
Numéro matricule de la personne morale en Ontario

Date of Incorporation or Amalgamation
Date de constitution ou fusion
Year/Année Month/Mois Day/Jour

DIRECTOR / OFFICER INFORMATION - RENSEIGNEMENTS RELATIFS AUX ADMINISTRATEURS/DIRIGEANTS

Full Name and Address for Service/Nom et domicile élu

Last Name/Nom de famille

First Name/Prénom

Middle Names/Autres prénoms

Collins

Amy

Street Number/Numéro civique

Suite/Bureau

25

10

Street Name/Nom de la rue

Hollinger Road

Street Name (cont'd)/Nom de la rue (suite)

City/Town/Ville

Toronto

Province, State/Province, État

Ontario

Country/Pays

Canada

Postal Code/Code postal

M4B3N4

Director Information/Renseignements relatifs aux administrateurs

Resident Canadian/
Résident canadien

☒ YES/OUI

☐ NO/NON

(Resident Canadian applies to directors of business corporations only.)
(Résident canadien ne s'applique qu'aux administrateurs de sociétés par actions)

Date Elected/
Date d'élection

Year/Année Month/Mois Day/Jour
2014 12 10

Date Ceased/
Date de cessation

Year/Année Month/Mois Day/Jour
2015 03 24

Officer Information/Renseignements relatifs aux dirigeants

Date Appointed/
Date de nomination

PRESIDENT/PRÉSIDENT
Year/Année Month/Mois Day/Jour
2014 12 10

SECRETARY/SECRÉTAIRE
Year/Année Month/Mois Day/Jour
2014 12 10

TREASURER/TRÉSORIER
Year/Année Month/Mois Day/Jour
2014 12 10

GENERAL MANAGER/
DIRECTEUR GÉNÉRAL
Year/Année Month/Mois Day/Jour

Date Ceased/
Date de cessation

Year/Année Month/Mois Day/Jour
2015 03 24

Year/Année Month/Mois Day/Jour
2015 03 24

Year/Année Month/Mois Day/Jour
2015 03 24

Year/Année Month/Mois Day/Jour

*OTHER TITLES (Please Specify) *AUTRES TITRES (Veuillez préciser)	
Chair / Président du conseil	
Chair Person / Président du conseil	
Chairman / Président du conseil	
Chairwoman / Présidente du conseil	
Vice-Chair / Vice-président du conseil	
Vice-President / Vice-président	
Assistant Secretary / Secrétaire adjoint	
Assistant Treasurer / Trésorier adjoint	
Chief Manager / Directeur exécutif	
Executive Director / Directeur administratif	
Managing Director / Administrateur délégué	
Chief Executive Officer / Directeur général	
Chief Financial Officer /	
Agent en chef des finances	
Chief Information Officer /	
Directeur général de l'information	
Chief Operating Officer /	
Administrateur en chef des opérations	
Chief Administrative Officer /	
Directeur général de l'administration	
Comptroller / Contrôleur	
Authorized Signing Officer /	
Signataire autorisé	
Other (Untitled) / Autre (sans titre)	

DIRECTOR / OFFICER INFORMATION - RENSEIGNEMENTS RELATIFS AUX ADMINISTRATEURS/DIRIGEANTS

Full Name and Address for Service/Nom et domicile élu

Last Name/Nom de famille

First Name/Prénom

Middle Names/Autres prénoms

Collins

Gail

Street Number/Numéro civique

Suite/Bureau

25

Street Name/Nom de la rue

Hollinger Road

Street Name (cont'd)/Nom de la rue (suite)

City/Town/Ville

Toronto

Province, State/Province, État

Ontario

Country/Pays

Canada

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M4B3N4

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Resident Canadian/
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☒ YES/OUI

☐ NO/NON

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Year/Année Month/Mois Day/Jour

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TREASURER/TRÉSORIER
Year/Année Month/Mois Day/Jour

GENERAL MANAGER/
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Year/Année Month/Mois Day/Jour

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*OTHER TITLES (Please Specify) *AUTRES TITRES (Veuillez préciser)	
Chair / Président du conseil	
Chair Person / Président du conseil	
Chairman / Président du conseil	
Chairwoman / Présidente du conseil	
Vice-Chair / Vice-président du conseil	
Vice-President / Vice-président	
Assistant Secretary / Secrétaire adjoint	
Assistant Treasurer / Trésorier adjoint	
Chief Manager / Directeur exécutif	
Executive Director / Directeur administratif	
Managing Director / Administrateur délégué	
Chief Executive Officer / Directeur général	
Chief Financial Officer /	
Agent en chef des finances	
Chief Information Officer /	
Directeur général de l'information	
Chief Operating Officer /	
Administrateur en chef des opérations	
Chief Administrative Officer /	
Directeur général de l'administration	
Comptroller / Contrôleur	
Authorized Signing Officer /	
Signataire autorisé	
Other (Untitled) / Autre (sans titre)	

*OTHER/AUTRE	
Year/Année Month/Mois Day/Jour	
Year/Année Month/Mois Day/Jour	
Year/Année Month/Mois Day/Jour	

Form 1 - Ontario Corporation/Formule 1 - Personnes morales de l'Ontario

Schedule A/Annexe A

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Numéro matricule de la personne morale en Ontario

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Date de constitution ou fusion
Year/Année Month/Mois Day/Jour

DIRECTOR / OFFICER INFORMATION - RENSEIGNEMENTS RELATIFS AUX ADMINISTRATEURS/DIRIGEANTS

Full Name and Address for Service/Nom et domicile élu

Last Name/Nom de famille

First Name/Prénom

Middle Names/Autres prénoms

Rawlings

John

Street Number/Numéro civique

Suite/Bureau

25

10

Street Name/Nom de la rue

Hollinger Road

Street Name (cont'd)/Nom de la rue (suite)

City/Town/Ville

Toronto

Province, State/Province, État

Ontario

Country/Pays

Canada

Postal Code/Code postal

M4B3N4

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Resident Canadian/
Résident canadien



YES/OUI



NO/NON

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2015 03 24

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SECRETARY/SECRÉTAIRE

TREASURER/TRÉSORIER

GENERAL MANAGER/
DIRECTEUR GÉNÉRAL

Date Appointed/
Date de nomination

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SECRETARY/SECRÉTAIRE

TREASURER/TRÉSORIER

GENERAL MANAGER/
DIRECTEUR GÉNÉRAL

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Year/Année Month/Mois Day/Jour

Year/Année Month/Mois Day/Jour

Date Ceased/
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Year/Année Month/Mois Day/Jour

Year/Année Month/Mois Day/Jour

Year/Année Month/Mois Day/Jour

Year/Année Month/Mois Day/Jour

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*AUTRES TITRES (Veuillez préciser)

Chair / Président du conseil
Chair Person / Président du conseil
Chairman / Président du conseil
Chairwoman / Présidente du conseil
Vice-Chair / Vice-président du conseil
Vice-President / Vice-président
Assistant Secretary / Secrétaire adjoint
Assistant Treasurer / Trésorier adjoint
Chief Manager / Directeur exécutif
Executive Director / Directeur administratif
Managing Director / Administrateur délégué
Chief Executive Officer / Directeur général
Chief Financial Officer /
Agent en chef des finances
Chief Information Officer /
Directeur général de l'information
Chief Operating Officer /
Administrateur en chef des opérations
Chief Administrative Officer /
Directeur général de l'administration
Comptroller / Contrôleur
Authorized Signing Officer /
Signataire autorisé
Other (Untitled) / Autre (sans titre)

*OTHER/AUTRE

Year/Année Month/Mois Day/Jour
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Year/Année Month/Mois Day/Jour
Year/Année Month/Mois Day/Jour



Ministry of
Government Services

Central Production and
Verification Services Branch
393 University Ave, Suite 200
Toronto ON M5G 2M2

Ministère des
Services gouvernementaux

Direction des services
centraux de production et de vérification
393, av University, bureau 200
Toronto ON M5G 2M2

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Page/Page 1 of/de _____

Form 1 - Ontario Corporation Initial Return / Notice of Change

Formule 1 - Personnes morales de l'Ontario Rapport initial / Avis de modification

Corporations Information Act / Loi sur les renseignements exigés des personnes morales

Please type or print all information in block capital letters using black ink.

Prière de dactylographier les renseignements ou de les écrire en caractères d'imprimerie à l'encre noire.

2. Ontario Corporation Number Numéro matricule de la personne morale en Ontario <div>002 445431</div>		3. Date of Incorporation or Amalgamation/ Date de constitution ou fusion Year/Année Month/Mois Day/Jour <div>2014 12 10</div>		1. <table border="1"> <tr> <th></th> <th>Initial Return Rapport initial</th> <th>Notice of Change Avis de modification</th> </tr> <tr> <td>Business Corporation/ Société par actions</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Not-For-Profit Corporation/ Personne morale sans but lucratif</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>		Initial Return Rapport initial	Notice of Change Avis de modification	Business Corporation/ Société par actions	<input type="checkbox"/>	<input type="checkbox"/>	Not-For-Profit Corporation/ Personne morale sans but lucratif	<input type="checkbox"/>	<input type="checkbox"/>
	Initial Return Rapport initial	Notice of Change Avis de modification											
Business Corporation/ Société par actions	<input type="checkbox"/>	<input type="checkbox"/>											
Not-For-Profit Corporation/ Personne morale sans but lucratif	<input type="checkbox"/>	<input type="checkbox"/>											
4. Corporation Name including Punctuation/Raison sociale de la personne morale, y compris la ponctuation <div>BLUE PARROT PROPERTIES LTD.</div>													
5. Address of Registered or Head Office/Adresse du siège social c/o / als <div>25</div> Street No./N° civique Street Name/Nom de la rue Suite/Bureau <div>25</div> Street Name (cont'd)/Nom de la rue (suite) <div>HOLLINGER ROAD</div> City/Town/Ville <div>TORONTO</div> ONTARIO, CANADA Postal Code/Code postal <div>M4B3N4</div>													
6. Mailing Address/Adresse postale Street No./N° civique <div></div> Street Name/Nom de la rue Suite/Bureau <div></div> Street Name (cont'd)/Nom de la rue (suite) <div></div> City/Town/Ville <div></div> Province, State/Province, État Country/Pays Postal Code/Code postal <div></div> <div></div> <div></div>													
7. Language of Preference/Langue préférée English - Anglais <input checked="" type="checkbox"/> French - Français <input type="checkbox"/>													
8. Information on Directors/Officers must be completed on Schedule A as requested. If additional space is required, photocopy Schedule A./Les renseignements sur les administrateurs ou les dirigeants doivent être fournis dans l'Annexe A, tel que demandé. Si vous avez besoin de plus d'espace, vous pouvez photocopier l'Annexe A. Number of Schedule A(s) submitted/Nombre d'Annexes A présentées <div>1</div> (At least one Schedule A must be submitted/Au moins une Annexe A doit être présentée)													

9. (Print or type name in full of the person authorizing filing / Dactylographier ou inscrire le prénom et le nom en caractères d'imprimerie de la personne qui autorise l'enregistrement)

I/Je

JOHN RAWLINGS

certify that the information set out herein, is true and correct.
atteste que les renseignements précités sont véridiques et exacts.

Check appropriate box
Cocher la case pertinente

D) ☒ Director/Administrateur

O) ☐ Officer /Dirigeant

P) ☐ Other individual having knowledge of the affairs of the Corporation/Autre personne ayant connaissance des activités de la personne morale

Note/Remarque: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions. Les articles 13 et 14 de la Loi sur les renseignements exigés des personnes morales prévoient des peines en cas de déclaration fausse ou trompeuse, ou d'omission.

Form 1 - Ontario Corporation/Formule 1 - Personnes morales de l'Ontario

Schedule A/Annexe A

For Ministry Use Only
A l'usage du ministère seulement
Page/Page _____ of/de _____

Please type or print all information in block capital letters using black ink.
Prière de dactylographier les renseignements ou de les écrire en caractères d'imprimerie à l'encre noire.

Ontario Corporation Number
Numéro matricule de la personne morale en Ontario

Date of Incorporation or Amalgamation
Date de constitution ou fusion
Year/Année Month/Mois Day/Jour

DIRECTOR / OFFICER INFORMATION - RENSEIGNEMENTS RELATIFS AUX ADMINISTRATEURS/DIRIGEANTS

Full Name and Address for Service/Nom et domicile élu

Last Name/Nom de famille

First Name/Prénom

Middle Names/Autres prénoms

RAWINGS

MYRNE

Street Number/Numéro civique Suite/Bureau

16

Street Name/Nom de la rue

MONTREST BLVD.

Street Name (cont'd)/Nom de la rue (suite)

City/Town/Ville

TORONTO

Province, State/Province, État

ONTARIO

Country/Pays

CANADA

Postal Code/Code postal

M4K 1J7

*OTHER TITLES (Please Specify) *AUTRES TITRES (Veuillez préciser)	
Chair / Président du conseil	
Chair Person / Président du conseil	
Chairman / Président du conseil	
Chairwoman / Présidente du conseil	
Vice-Chair / Vice-président du conseil	
Vice-President / Vice-président	
Assistant Secretary / Secrétaire adjoint	
Assistant Treasurer / Trésorier adjoint	
Chief Manager / Directeur exécutif	
Executive Director / Directeur administratif	
Managing Director / Administrateur délégué	
Chief Executive Officer / Directeur général	
Chief Financial Officer /	
Agent en chef des finances	
Chief Information Officer /	
Directeur général de l'information	
Chief Operating Officer /	
Administrateur en chef des opérations	
Chief Administrative Officer /	
Directeur général de l'administration	
Comptroller / Contrôleur	
Authorized Signing Officer /	
Signataire autorisé	
Other (Unfilled) / Autre (sans titre)	

Director Information/Renseignements relatifs aux administrateurs

Resident Canadian/
Résident canadien ☒ YES/OUI ☐ NO/NON

(Resident Canadian applies to directors of business corporations only /
(Résident canadien ne s'applique qu'aux administrateurs de sociétés par actions)

Date Elected/
Date d'élection

Year/Année Month/Mois Day/Jour
2015 09 08

Date Ceased/
Date de cessation

Year/Année Month/Mois Day/Jour

Officer Information/Renseignements relatifs aux dirigeants

PRESIDENT/PRÉSIDENT		SECRETARY/SECRÉTAIRE		TREASURER/TRÉSORIER		GENERAL MANAGER/ DIRECTEUR GÉNÉRAL		*OTHER/AUTRE	
Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour

DIRECTOR / OFFICER INFORMATION - RENSEIGNEMENTS RELATIFS AUX ADMINISTRATEURS/DIRIGEANTS

Full Name and Address for Service/Nom et domicile élu

Last Name/Nom de famille

First Name/Prénom

Middle Names/Autres prénoms

Street Number/Numéro civique

Suite/Bureau

Street Name/Nom de la rue

Street Name (cont'd)/Nom de la rue (suite)

City/Town/Ville

Province, State/Province, État

Country/Pays

Postal Code/Code postal

Director Information/Renseignements relatifs aux administrateurs

Resident Canadian/
Résident canadien ☐ YES/OUI ☐ NO/NON

(Resident Canadian applies to directors of business corporations only /
(Résident canadien ne s'applique qu'aux administrateurs de sociétés par actions)

Date Elected/
Date d'élection

Year/Année Month/Mois Day/Jour

Date Ceased/
Date de cessation

Year/Année Month/Mois Day/Jour

Officer Information/Renseignements relatifs aux dirigeants

PRESIDENT/PRÉSIDENT		SECRETARY/SECRÉTAIRE		TREASURER/TRÉSORIER		GENERAL MANAGER/ DIRECTEUR GÉNÉRAL		*OTHER/AUTRE	
Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour	Year/Année	Month/Mois Day/Jour

Request ID: 018923148
 Transaction ID: 61026415
 Category ID: (C)CC/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/05/05
 Time Report Produced: 10:58:50
 Page: 1

Certified a true copy of the data as recorded on the Ontario Business Information System.


 Director
 Ministry of Government Services
 Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2445431	BLUE PARROT PROPERTIES LTD.	2014/12/10
Corporation Type	Corporation Status	Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	ONTARIO
Registered Office Address		Former Jurisdiction
25 HOLLINGER ROAD.		NOT APPLICABLE
Suite # 10 TORONTO ONTARIO CANADA M4B 3N4		Date Amalgamated
Mailing Address		Amalgamation Ind.
25 HOLLINGER ROAD		NOT APPLICABLE
Suite # 10 TORONTO ONTARIO CANADA M4B 3N4		NOT APPLICABLE
		New Amal. Number
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
		Revival Date
		Continuation Date
		NOT APPLICABLE
		NOT APPLICABLE
		Transferred Out Date
		Cancel/Inactive Date
		NOT APPLICABLE
		NOT APPLICABLE
		EP Licence Eff. Date
		EP Licence Term. Date
		NOT APPLICABLE
		NOT APPLICABLE
		Date Commenced in Ontario
		Date Ceased in Ontario
		NOT APPLICABLE
		NOT APPLICABLE
Activity Classification	Number of Directors Minimum Maximum	
NOT AVAILABLE	00001 00010	

Request ID: 018923148
Transaction ID: 61026415
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/05/05
Time Report Produced: 10:56:50
Page: 2

Certified a true copy of the data as recorded on the Ontario Business Information System.


Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2445431

Corporation Name

BLUE PARROT PROPERTIES LTD.

Corporate Name History

BLUE PARROT PROPERTIES LTD.

Effective Date

2014/12/10

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

JOHN

RAWLINGS

Address

25 HOLLINGER ROAD

Suite # 10
TORONTO
ONTARIO
CANADA M4B 3N4

Date Began

2015/03/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 018923148
Transaction ID: 61026415
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/05/05
Time Report Produced: 10:56:50
Page: 3

Certified a true copy of the data as recorded on the Ontario Business Information System.


Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2445431

Corporation Name

BLUE PARROT PROPERTIES LTD.

Administrator
Name (Individual / Corporation)

MYRNE

RAWLINGS

Address

16 MONTCREST BLVD

TORONTO
ONTARIO
CANADA M4K 1J7

Date Began

2015/09/08

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 018923148
Transaction ID: 61026415
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/05/05
Time Report Produced: 10:56:50
Page: 4

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2445431

Corporation Name

BLUE PARROT PROPERTIES LTD.

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2015/09/17

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this certified report in electronic form is authorized by the Ministry of Government Services.

Ga

From: [Dunn, Mark](#)
To: ["Jessica Parise"](#)
Cc: [Howard Cohen](#); dglatt@litigate.com; [Empey, Brian](#); pgriffin@litigate.com; sroy@litigate.com; [Reception at Cohen-Sabsay](#); [Fox, Carlie](#)
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report
Date: Thursday, May 12, 2016 4:40:19 PM
Attachments: [image001.png](#)

Thank you for your e-mail.

The documents that you attached appear to show that Ms. Walton's parents are the directors of the company. Before Justice Newbould, Mr. Cohen stated that Blue Parrot is owned by Ms. Walton's father. The documents that you attached are not evidence of that. Kindly provide evidence that Mr. Rawlings is also the sole owner of Blue Parrot. In addition, kindly provide evidence with respect to how Blue Treasure funded the legal fees paid to your firm.

Regards,
Mark

Mark Dunn

Goodmans LLP

416.849.6895
mdunn@goodmans.ca

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

From: Jessica Parise [<mailto:jessica@cohensabsay.com>]
Sent: Thursday, May 12, 2016 4:32 PM
To: Dunn, Mark; sroy@litigate.com
Cc: Howard Cohen; dglatt@litigate.com; Empey, Brian; pgriffin@litigate.com; Reception at Cohen-Sabsay
Subject: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Hello Mr. Dunn and Ms. Roy,

Further to the Endorsement of Justice Newbould, dated 3 May, 2016, please see attached the following documents with respect to Blue Parrot Properties Ltd:

1. Form 1-Notice of Change: appointing John Rawlings as director wherein Gail and Amy Collins resigned, dated March 24, 2015;
2. Form 1-Notice of Change: appointing Myrne Rawlings as a second director, dated September 8, 2015; and,
3. Corporate Profile Report which confirms John & Myrne Rawlings as sole directors.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.

Associate Lawyer



357 Bay Street, Suite 901

Toronto, ON M5H 2T7

Tel: 416-364-7436 x225

Fax: 416-364-0083

Email: jessica@cohensabsay.com

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H

From: [Jessica Parise](#)
To: [Dunn, Mark](#)
Cc: [Howard Cohen](#); dglatt@litigate.com; [Empey, Brian](#); pgriffin@litigate.com; sroy@litigate.com; [Reception at Cohen-Sabsay](#); [Fox, Carlie](#)
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report
Date: Monday, May 16, 2016 5:57:51 PM
Attachments: [image001.png](#)
[Blue Parrot 100 Common Shares - John Rawlings.pdf](#)
[Resolutions, March 24 2015.pdf](#)

Hello Mr. Dunn,

Further to your email below, please see attached a copy of the Share Certificate evidencing John Rawlings as the sole owner of Blue Parrot. Please also see the resolutions whereby the company was transferred to him by Amy Collins and whereby Amy Collins and Gail Collins resigned.

No shares have been issued to Myrne Rawlings at this point in time, although she is a director of the company.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.
 Associate Lawyer



357 Bay Street, Suite 901
 Toronto, ON M5H 2T7
 Tel: 416-364-7436 x225
 Fax: 416-364-0083
 Email: jessica@cohensabsay.com

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From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Thursday, May 12, 2016 4:40 PM
To: Jessica Parise <jessica@cohensabsay.com>
Cc: Howard Cohen <cohen@cohensabsay.com>; dglatt@litigate.com; Empey, Brian <bempey@goodmans.ca>; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

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Regards,
Mark

Mark Dunn
Goodmans LLP

416.849.6895
mdunn@goodmans.ca

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

***** Attention *****

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication, or wish to unsubscribe, please advise us immediately at privacyofficer@goodmans.ca and delete this email without reading, copying or forwarding it to anyone. Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, ON, M5H 2S7, www.goodmans.ca. You may unsubscribe to certain communications by clicking [here](#).

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Sent: Thursday, May 12, 2016 4:32 PM
To: Dunn, Mark; sroy@litigate.com
Cc: Howard Cohen; dglatt@litigate.com; Empey, Brian; pgriffin@litigate.com; Reception at Cohen-Sabsay
Subject: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

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2. Form 1-Notice of Change: appointing Myrne Rawlings as a second director, dated September 8, 2015; and,
3. Corporate Profile Report which confirms John & Myrne Rawlings as sole directors.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.

Associate Lawyer



357 Bay Street, Suite 901

Toronto, ON M5H 2T7

Tel: 416-364-7436 x225

Fax: 416-364-0083

Email: jessica@cohensabsay.com

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Certificate No. 002
For One Hundred (100) Shares
Issued to
John Rawlings
Dated March 24, 2015
(year)

COMMON
SHARE
CERTIFICATE

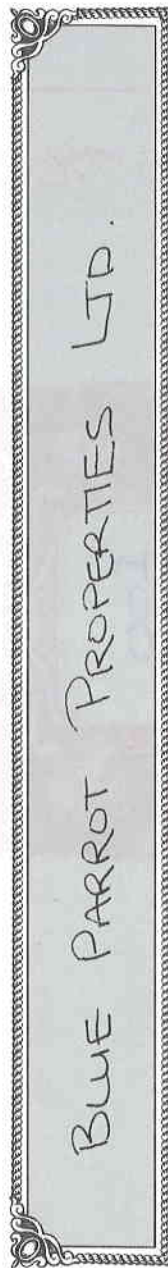
From whom transferred
Amy Collins
Dated March 24, 2015
(year)
No. Original Certificate 001
No. Original Shares 100
No. of Shares Transferred 100

Received Certificate No. 002
for 100 Shares
this 24th day of March, 2015
(year)

No. 002

100 Shares

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO



This is to Certify that JOHN RAWLINGS

is the registered holder of ONE HUNDRED (100)

Common Shares of

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

(i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and

(ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

LIEN ON SHARES. The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers this 24th day of March, 2015
(year)

A. Collins
PRESIDENT

NO PAR VALUE



For Value Received, _____ hereby assign and transfer unto

_____ *Common Shares*

represented by the within Certificate.

Dated _____ *(year)* _____

In the presence of

NOTICE THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

SHARE SALE AND TRANSFER

I, Amy Collins, hereby transfer my 100 shares in BLUE PARROT PROPERTIES LTD. to John Rawlings in exchange for payment of \$690, which amount has been hereby tendered.

Dated at Toronto, Ontario this 24th day of March, 2015



AMY COLLINS

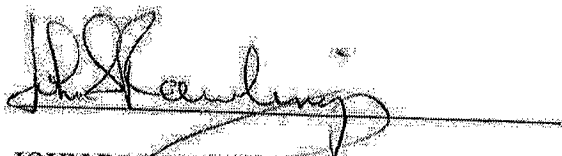
APPOINTMENT OF DIRECTOR

I, John Rawlings, hereby consent to being appointed Director of BLUE PARROT PROPERTIES LTD.

I hereby confirm that Amy Collins will remain the Authorized Signing Officer for the company pending further resolution.

I hereby confirm that I am the sole shareholder and director of BLUE PARROT PROPERTIES LTD. as of March 24, 2015.

Dated at Toronto, Ontario this 27th day of March, 2015



JOHN RAWLINGS

RESIGNATION OF DIRECTOR

I, Gail Collins, hereby resign as a Director of BLUE PARROT PROPERTIES LTD. effective immediately.

Dated at Toronto, Ontario this 24th day of March, 2015

A handwritten signature in cursive script, appearing to read "G. Collins", is written over a horizontal line.

GAIL COLLINS

RESIGNATION OF DIRECTOR

I, Amy Collins, hereby resign as a Director of BLUE PARROT PROPERTIES LTD. effective immediately.

Dated at Toronto, Ontario this 24th day of March, 2015

A handwritten signature in cursive script, appearing to read 'A. Collins', is written over a horizontal line.

AMY COLLINS

I

From: [Roselyn Kelada-Sedra](#)
To: [Dunn, Mark](#)
Cc: [Jessica Parise](#); [Howard Cohen](#)
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report
Date: Tuesday, May 31, 2016 12:38:23 PM
Attachments: [image001.png](#)
[image002.png](#)

Hello, Mr. Dunn,

Blue Parrot is fully funded by the Rawlings personally or through one of the Rawlings' companies.

Best,

Roselyn Kelada-Sedra, B.A., Diploma (Hons.), J.D.
Student-At-Law

Barristers & Solicitors

357 Bay Street

Suite 901

Toronto, Ontario

M5H 2T7

www.cohensabsay.com

Telephone: [416-364-7436](tel:416-364-7436)

Ext.222

Fax: [416-364-0083](tel:416-364-0083)

The information in this transmission is from a law firm and is a confidential communication for the named recipient(s) only. Where the nature of the communication is such as to give rise to privilege, such privilege is asserted. No copy or disclosure of this communication should be made to anyone other than the named recipient(s) without the consent of the sender. If you have received this transmission in error, please notify the sender at once.

From: Jessica Parise
Sent: Tuesday, May 31, 2016 12:37 PM
To: Roselyn Kelada-Sedra <roselyn@cohensabsay.com>
Subject: FW: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Tuesday, May 31, 2016 10:16 AM
To: Jessica Parise <jessica@cohensabsay.com>
Cc: Howard Cohen <cohen@cohensabsay.com>; 'dglatt@litigate.com' <dglatt@litigate.com>; Empey, Brian <bempey@goodmans.ca>; 'pgriffin@litigate.com' <pgriffin@litigate.com>; 'sroy@litigate.com' <sroy@litigate.com>; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

I am following up on my e-mail below. May I please have a response?

Mark Dunn
 Goodmans LLP

416.849.6895
mdunn@goodmans.ca

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

From: Dunn, Mark
Sent: Tuesday, May 17, 2016 8:31 PM
To: Jessica Parise
Cc: Howard Cohen; dglatt@litigate.com; Empey, Brian; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay; Fox, Carlie
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Thank you.

Please advise when we can expect to receive evidence of how Blue Parrot funded your client's legal fees, in accordance with Justice Newbould's endorsement.

From: Jessica Parise [<mailto:jessica@cohensabsay.com>]
Sent: May 16, 2016 5:58 PM
To: Dunn, Mark <mdunn@goodmans.ca>
Cc: Howard Cohen <cohen@cohensabsay.com>; dglatt@litigate.com; Empey, Brian <bempey@goodmans.ca>; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

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No shares have been issued to Myrne Rawlings at this point in time, although she is a director of the company.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.
 Associate Lawyer



357 Bay Street, Suite 901
 Toronto, ON M5H 2T7
 Tel: 416-364-7436 x225
 Fax: 416-364-0083
 Email: jessica@cohensabsay.com

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From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Thursday, May 12, 2016 4:40 PM
To: Jessica Parise <jessica@cohensabsay.com>
Cc: Howard Cohen <cohen@cohensabsay.com>; dglatt@litigate.com; Empey, Brian <bempey@goodmans.ca>; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Thank you for your e-mail.

The documents that you attached appear to show that Ms. Walton's parents are the directors of the company. Before Justice Newbould, Mr. Cohen stated that Blue Parrot is owned by Ms. Walton's father. The documents that you attached are not evidence of that. Kindly provide evidence that Mr. Rawlings is also the sole owner of Blue Parrot. In addition, kindly provide evidence with respect to how Blue Treasure funded the legal fees paid to your firm.

Regards,
 Mark

Mark Dunn
 Goodmans LLP

416.849.6895
mdunn@goodmans.ca

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

***** Attention *****

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From: Jessica Parise [<mailto:jessica@cohensabsay.com>]
Sent: Thursday, May 12, 2016 4:32 PM
To: Dunn, Mark; sroy@litigate.com
Cc: Howard Cohen; dglatt@litigate.com; Empey, Brian; pggriffin@litigate.com; Reception at Cohen-Sabsay
Subject: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Hello Mr. Dunn and Ms. Roy,

Further to the Endorsement of Justice Newbould, dated 3 May, 2016, please see attached the following documents with respect to Blue Parrot Properties Ltd:

1. Form 1-Notice of Change: appointing John Rawlings as director wherein Gail and Amy Collins resigned, dated March 24, 2015;
2. Form 1-Notice of Change: appointing Myrne Rawlings as a second director, dated September 8, 2015; and,
3. Corporate Profile Report which confirms John & Myrne Rawlings as sole directors.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.
 Associate Lawyer



357 Bay Street, Suite 901
 Toronto, ON M5H 2T7
 Tel: 416-364-7436 x225
 Fax: 416-364-0083
 Email: jessica@cohensabsay.com

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J

From: [Jessica Parise](#)
To: [Dunn, Mark](#); [Roselyn Kelada-Sedra](#)
Cc: [Howard Cohen](#); [Fox, Carlie](#)
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report
Date: Thursday, June 02, 2016 3:05:07 PM
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)
[FW Norman Walton.msg](#)

Hello Mr. Dunn,

Please see attached an email from Myrne and John Rawlings, further to your request below.

JESSICA PARISE

B.A.(Hons.), LL.B.
 Associate Lawyer



357 Bay Street, Suite 901
 Toronto, ON M5H 2T7
 Tel: 416-364-7436 x225
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From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Tuesday, May 31, 2016 2:33 PM
To: Roselyn Kelada-Sedra <roselyn@cohensabsay.com>
Cc: Jessica Parise <jessica@cohensabsay.com>; Howard Cohen <cohen@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Thank you for your e-mail. Please advise when I can expect to receive evidence to show that the fees are not paid from funds that my client has been instructed to trace, which is what Justice Newbould's endorsement requires.

Mark Dunn

Goodmans LLP

416.849.6895

mdunn@goodmans.ca

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

From: Roselyn Kelada-Sedra [<mailto:roselyn@cohensabsay.com>]
Sent: Tuesday, May 31, 2016 12:38 PM
To: Dunn, Mark
Cc: Jessica Parise; Howard Cohen
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Hello, Mr. Dunn,
Blue Parrot is fully funded by the Rawlings personally or through one of the Rawlings' companies.

Best,

**Roselyn Kelada-Sedra, B.A., Diploma (*Hons.*), J.D.
Student-At-Law**

Barristers & Solicitors

357 Bay Street

Suite 901

Toronto, Ontario

M5H 2T7

www.cohensabsay.com

Telephone: [416-364-7436](tel:416-364-7436)

Ext.222

Fax: [416-364-0083](tel:416-364-0083)

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From: Jessica Parise
Sent: Tuesday, May 31, 2016 12:37 PM
To: Roselyn Kelada-Sedra <roselyn@cohensabsay.com>
Subject: FW: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Tuesday, May 31, 2016 10:16 AM
To: Jessica Parise <jessica@cohensabsay.com>
Cc: Howard Cohen <cohen@cohensabsay.com>; 'dglatt@litigate.com' <dglatt@litigate.com>; Empey, Brian <bempey@goodmans.ca>; 'pgriffin@litigate.com' <pgriffin@litigate.com>; 'sroy@litigate.com' <sroy@litigate.com>; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

I am following up on my e-mail below. May I please have a response?

Mark Dunn

Goodmans LLP

416.849.6895
mdunn@goodmans.ca

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

From: Dunn, Mark
Sent: Tuesday, May 17, 2016 8:31 PM
To: Jessica Parise
Cc: Howard Cohen; dglatt@litigate.com; Empey, Brian; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay; Fox, Carlie
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Thank you.

Please advise when we can expect to receive evidence of how Blue Parrot funded your client's legal fees, in accordance with Justice Newbould's endorsement.

From: Jessica Parise [<mailto:jessica@cohensabsay.com>]
Sent: May 16, 2016 5:58 PM
To: Dunn, Mark <mdunn@goodmans.ca>
Cc: Howard Cohen <cohen@cohensabsay.com>; dglatt@litigate.com; Empey, Brian <bempey@goodmans.ca>; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
Subject: RE: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

Hello Mr. Dunn,

Further to your email below, please see attached a copy of the Share Certificate evidencing John Rawlings as the sole owner of Blue Parrot. Please also see the resolutions whereby the company was transferred to him by Amy Collins and whereby Amy Collins and Gail Collins resigned.

No shares have been issued to Myrne Rawlings at this point in time, although she is a director of the company.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.
 Associate Lawyer



357 Bay Street, Suite 901
 Toronto, ON M5H 2T7
 Tel: 416-364-7436 x225
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Sent: Thursday, May 12, 2016 4:40 PM
To: Jessica Parise <jessica@cohensabsay.com>
Cc: Howard Cohen <cohen@cohensabsay.com>; dglatt@litigate.com; Empey, Brian <bempey@goodmans.ca>; pgriffin@litigate.com; sroy@litigate.com; Reception at Cohen-Sabsay <reception@cohensabsay.com>; Fox, Carlie <cfox@goodmans.ca>
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Subject: Blue Parrot Properties Ltd. Notice of Change and Corporate Profile Report

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2. Form 1-Notice of Change: appointing Myrne Rawlings as a second director, dated September 8, 2015; and,
3. Corporate Profile Report which confirms John & Myrne Rawlings as sole directors.

Best,

JESSICA PARISE

B.A.(Hons.), LL.B.
 Associate Lawyer



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From: Howard Cohen <cohen@cohensabsay.com>
Sent: Thursday, June 02, 2016 1:30 PM
To: Jessica Parise
Subject: FW: Norman Walton

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

From: myrne rawlings [<mailto:myrne@sympatico.ca>]
Sent: Thursday, June 02, 2016 8:29 AM
To: Howard Cohen
Subject: Norman Walton

We are Norma Walton's parents. We own Blue Parrot Properties Ltd. We are currently paying your legal fees related to our daughter through that company.

Blue Parrot Properties Ltd. was incorporated in December 2014, fifteen months after litigation between our daughter and Dr. Bernstein began. Dr. Bernstein had nothing to do with that company and none of his money ever made its way into that company. We have provided corporate documentation which confirms our directorship and ownership of Blue Parrot and also to confirm the Incorporation date.

We are the sole source of funds for that company, either through transfers through our personal account, transfers from our corporate accounts or transfers from our lines of credit.

Regards,

John and Myrne Rawlings

K

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial list)

BETWEEN:

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

Applicants

- and -

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

Respondents

- and -

THOSE CORPORATIONS LISTED ON SCHEDULE "B" HERETO,
TO BE BOUND BY THE RESULT

CROSS-EXAMINATION OF NORMA JEAN WALTON,
on her Affidavit sworn February 18, 2015
held at the offices of Arbitration Place,
333 Bay Street, Suite 900, Toronto, Ontario
on Wednesday, March 4, 2015 at 1:08 p.m.

CONDENSED TRANSCRIPT WITH INDEX

APPEARANCES:

Paul-Erik Veel on behalf of the Applicants
Shara N. Roy

Paul Fruitman on behalf of the Respondent
(Norma Walton)

Nicholas Braganza on behalf of the Respondent
(Ronald Walton, The Rose &
Thistle Group Ltd., and
Eglinton Castle Inc.)

A.S.A.P. Reporting Services Inc.© 2015
1105 - 200 Elgin Street 900-333 Bay Street
Ottawa, Ontario K2P 1L5 Toronto, Ontario M5H 2T4
(613) 564-2727 (416) 861-8720

Page 56

1 with them?

2 A. I'm I director. I
3 suppose I'm the CEO. I don't really have a
4 position so much as my role is to supervise
5 operations and approve the decisions being made
6 and make sure that the company runs efficiently.

7 198 Q. Okay. Who are the owners
8 of CCI?

9 A. They used to be four
10 people. They used to be Mr. Boudle, who we just
11 talked about a while ago; Paul Duffy; myself; and
12 my husband, Ron. So our two shares are being held
13 by the receiver, Mr. Smith, and Mr. Boudle and
14 Mr. Duffy still own a minority interest
15 themselves.

16 199 Q. Okay. Sorry, when you
17 say it's a minority interest, what, roughly
18 speaking, were the relative shareholdings prior to
19 the receivership?

20 A. In November of 2006, it
21 was a 50/50 split between my husband and I and the
22 two of them, and we paid them out some money from
23 November of 2006 through to the date of the
24 receivership. So I would say, from memory, they
25 probably own a third.

Page 57

1 200 Q. Okay. So CCI is still
2 operating today?

3 A. It is.

4 201 Q. Okay. What assets does
5 CCI have?

6 A. CCI's balance sheet is
7 quite a mess. So its balance sheet, it owes the
8 National Research Council of Canada a loan of
9 about \$500,000, and it owes Rose and Thistle Group
10 monies. It doesn't have assets that are anywhere
11 close to those -- that \$500,000 amount.

12 202 Q. Okay. What does it have?

13 A. It has about six
14 contracts with companies to provide e-learning
15 platform services, which means that, if Honeywell,
16 which is a client of ours, a few of their
17 divisions, if they want to roll out a program to
18 teach their technicians about an HVAC system, a
19 new HVAC system that they are rolling out, we can
20 host that learning module.

21 203 Q. Okay. Do you have any
22 arrangement with CCI whereby a portion of your
23 compensation is being deferred until some later
24 point in time?

25 A. You have to ask

Page 58

1 Mr. Smith. No.

2 204 Q. Okay.

3 A. Mr. Smith is controlling
4 CCI. So basically the cash that comes in covers
5 the expenses that go out with a small surplus.

6 205 Q. Okay. That's fine.

7 Another name -- I'm not going to ask you about too
8 many more companies -- is Plexor Plastics.

9 A. Yes.

10 206 Q. What are they?

11 A. Plexor Plastics used to
12 be associated with a company called Handy Home
13 Products. Plexor was the production company that
14 produced a product called "the scraper," which was
15 then sold to Handy Home Products, which was a
16 distributor who distributed it to different
17 retailers across North America.

18 207 Q. Is Plexor operating right
19 now?

20 A. No.

21 208 Q. Okay. So you are not
22 receiving any compensation from Plexor?

23 A. No.

24 209 Q. Okay. And let me ask you
25 about Blue Parrot.

Page 59

1 A. Okay.

2 210 Q. It is a -- let me ask it
3 open-ended. What does Blue Parrot do?

4 A. One of my two best
5 girlfriends is married to a German fellow who
6 lives in Bonn, and he cashed out of his business
7 in the summer of last year. She was over in
8 November of 2014 to spend some time with me and
9 our other best friend, and I was explaining to her
10 what was going on with the litigation and the fact
11 that I wanted to start to rebuild, and she went
12 home. She talked to her husband, and he offered
13 to employ me to try to find two or three
14 properties in Toronto for him based on my real
15 estate expertise.

16 211 Q. Okay.

17 A. So he set up a company in
18 Canada through which to do that, and he agreed to
19 pay me to assist him.

20 212 Q. Okay. So let me just --
21 let's put a little bit more meat on that. So the
22 name of your girlfriend who has the German
23 husband?

24 A. Marisa De Luca.

25 213 Q. And her husband's name?

Page 60

1 A. Matthias Ohm,
2 M-a-t-t-h-i-a-s O-h-m.
3 214 Q. Thank you. Was there
4 someone else that you mentioned as being involved
5 in Blue Parrot other than you and the two of them?
6 A. Well, Amy Collins and
7 Mario Bucci are both involved in with the
8 business.
9 215 Q. Okay. Who is Amy
10 Collins?
11 A. Amy Collins is -- she
12 used to be an employee of mine.
13 216 Q. At Rose and Thistle
14 Group?
15 A. Yes.
16 217 Q. Okay. In what capacity
17 was she previously your employee?
18 A. She was an accountant
19 clerk --
20 218 Q. Okay.
21 A. -- I would call it.
22 219 Q. And what's her position
23 with Blue Parrot now?
24 A. She is Matthias and
25 Marisa's clerk.

Page 61

1 220 Q. Okay. And what's Mario's
2 role at Blue Parrot?
3 A. Part-time CFO.
4 221 Q. Okay. And what's your
5 role exactly with Blue Parrot?
6 A. I am responsible for
7 finding properties to purchase; I'm responsible
8 for putting them under contract; and I'm
9 responsible for conducting the feasibility of
10 whether they would be a good purchase or not, a
11 good investment.
12 222 Q. Okay.
13 A. So due diligence and
14 analysis. And then, if we buy something, they
15 would have me implement the project plan to
16 improve the property to the point where we would
17 realize its potential.
18 223 Q. Okay. Are you
19 effectively running or managing Blue Parrot?
20 A. They are not in Canada.
21 224 Q. Right. So I guess my
22 question is: Are you the lead point person on
23 their behalf?
24 A. Yes.
25 225 Q. So Amy and Mario report

Page 62

1 to you effectively?
2 A. No. They report into the
3 Germans. They report into Marisa and Matthias.
4 They don't report to me. We work collaboratively.
5 They used to report to me, but it's not my
6 company.
7 226 Q. Okay. I understand.
8 Other than you, Mario, Amy, does anyone else work
9 for Blue Parrot Properties Limited?
10 A. No.
11 227 Q. Does anyone report up to
12 Marisa and Matthias in relation to the activities
13 of Blue Parrot Properties, to your knowledge?
14 A. Not as an employee,
15 Mr. Veel.
16 228 Q. Okay.
17 A. There is an accountant
18 that they have hired separately through his own
19 firm or partnership, and there's a lawyer that
20 they have hired. They have a friend of Marisa's
21 brother in Calgary who is a Canadian director of
22 the company, so...
23 229 Q. Okay. And who are --
24 you've anticipated my question. Who are the
25 directors and officers of the company, if you

Page 63

1 know?
2 A. So there's two companies.
3 There's Blue Parrot, which is the company through
4 which I am paid, and then there is a company
5 called Rocket Property Ltd., which is Marisa,
6 Matthias, and Charles Burgess, who is a lawyer in
7 Calgary. They are the directors of that company.
8 So Blue Parrot --
9 230 Q. Sorry, just so I have it,
10 it's Blue Parrot Properties Ltd. Correct?
11 A. Yes.
12 231 Q. Sorry, go ahead.
13 A. So Rocket's three
14 directors are Marisa, Matthias, and Charles, and
15 Blue Parrot's directors are Amy Collins and -- she
16 may be the only director, or there may be -- her
17 mom may also be a director.
18 232 Q. Okay. I'm sorry. And
19 maybe you said this, and I was just taking down a
20 note. What is the relationship between those two
21 parties?
22 A. Blue Parrot -- Rocket
23 pays Blue Parrot to assist it.
24 233 Q. I understand. Is one
25 owned by the other directly or indirectly, to your

Page 64

1 knowledge?

2 A. No. But one is solely
3 funded by the other. So Rocket Property is the
4 sole funder of Blue Parrot.

5 234 Q. I understand. And are
6 they both ultimately owned, either directly or
7 indirectly, by the Germans?

8 A. Yes.

9 235 Q. Thank you. Do you own --
10 and I'm going to use the same broad language I
11 used before. You can ask me to clarify it if you
12 need it. Do you own directly or indirectly any
13 interest in Blue Parrot, or are you solely an
14 employee?

15 A. I'm solely an employee.

16 236 Q. Okay. So no interest
17 whatsoever?

18 A. No interest whatsoever.

19 237 Q. Okay. Do you have a
20 written employment agreement with Blue Parrot?

21 A. I don't.

22 238 Q. You, I take it, have a
23 verbal agreement --

24 A. Certainly.

25 239 Q. -- with them?

Page 65

1 A. Certainly.

2 240 Q. Okay. What are the terms
3 of that?

4 A. It's fairly simple. I am
5 responsible for finding properties that could
6 become profitable with repositioning or
7 redevelopment, and Marisa and Matthias are paying
8 me a fixed amount per month to do that. And as I
9 find those properties and put them under contract,
10 they supply the deposit to conditionally secure
11 them, and then I conduct due diligence and
12 recommend to them whether they should proceed or
13 not. If they choose to proceed -- which hasn't
14 happened yet, so I don't know what that looks like
15 yet -- then they would provide the funding to buy
16 the property, and I would be responsible for
17 implementing the project plan that I have created
18 to realize the returns.

19 241 Q. I understand. Pursuant
20 to your arrangement with Blue Parrot, do you -- is
21 there any agreement or understanding that you will
22 receive any upside later on down the line if
23 properties are ultimately developed and/or sold?

24 A. It's certainly been
25 discussed, but any properties that I tend to want

Page 66

1 to purchase are generally on a three-year time
2 frame. So it's been discussed in theory that, if
3 it goes really well and we make -- you know, I
4 make them lots of money, that down the road there
5 make be some discretionary bonus for me in it.
6 But there's nothing formal. It's just more of a
7 hope or a concept.

8 242 Q. Okay. Do you have any
9 arrangement with them that any portion of your
10 compensation is to be deferred until a later point
11 in time?

12 A. I do not.

13 243 Q. And in particular, have
14 you made any arrangements with them that your
15 compensation is going to be deferred until after
16 you are out of the receivership?

17 A. No.

18 244 Q. Okay.

19 A. No. There is a theory
20 that I will be paid more once their \$500,000
21 capital investment in this company is repaid.

22 245 Q. Okay. But that's -- you
23 are telling me that's not tied to this proceeding
24 or the receivership in any way?

25 A. No. I mean, the

Page 67

1 practical reality, which I hope, but, again, I
2 don't know, is that, if projects take three years
3 and the \$500,000 won't be repaid for three to
4 five years, I hope to God I'm out of this
5 receivership by then.

6 246 Q. I understand.

7 A. But there is no link to,
8 once the receivership is over, I get X.

9 247 Q. I understand.

10 A. There is nothing like
11 that.

12 248 Q. So I asked that in the
13 context of whether you had reached any
14 arrangements with -- again I apologize. I will
15 keep calling them the Germans for simplicity.

16 A. That's fine. They are.
17 They are German, so...

18 249 Q. Have you had -- leaving
19 aside whether you've reached any formal
20 arrangement -- and you've told me that you haven't
21 -- have you had any discussions with them about
22 deferring some portion of your compensation until
23 you are out of the receivership?

24 A. No. In fact, I have had
25 the opposite conversation with them.

DBDC SPADINA LTD., et al.
Applicants

NORMA WALTON, et al.
Respondents

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

**RESPONDING MOTION RECORD OF THE
MANAGER, SCHONFELD INC.**
(Motion returnable October 20, 2016)

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Brian Empey LSUC#: 30640G
Mark S. Dunn LSUC#: 55510L
Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Manager

File No. 14-0074