

**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

**MOTION RECORD**  
**(VOLUME 2 OF 2)**  
(Returnable October 6, 2017)

**GOODMANS LLP**  
333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7

Brian Empey LSUC#: 30640G  
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Tel: (416) 979-2211  
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Lawyers for the Manager

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**L**

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

**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 ON SCHEDULE B HERETO, TO BE  
BOUND BY THE RESULT

**AFFIDAVIT OF S. HARLAN SCHONFELD  
(Sworn September 25, 2017)**

I, S. HARLAN SCHONFELD, of the City of Toronto, in the Province of Ontario,  
**MAKE OATH AND SAY:**

1. I am the President of Schonfeld Inc., the court-appointed Manager in this proceeding and have knowledge of the facts and matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.

2. On November 5, 2013, pursuant to an order of the Honourable Justice Newbould (the “**Appointment Order**”), Schonfeld Inc. was appointed Manager of companies listed at Schedule “B” of the Appointment Order.

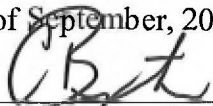
3. The Manager’s mandate was further expanded to include certain other properties listed at Schedule “C” to the Judgment and Order of Justice Brown dated August 12, 2014 (the “**August 12 Order**”).

4. Attached hereto and marked as **Exhibit “A”** to my Affidavit is a true copy of the accounts rendered by the Manager for the period January 1, 2017 to August 31, 2017 (the “**Accounts Approval Period**”) for a total of \$251,692.21 inclusive of HST and disbursements.

5. A total of approximately 374.6 hours were expended by the Manager during the Accounts Approval Period in performing services in its capacity as Manager pursuant to the Appointment Order.

6. The hourly billing rates outlined in **Exhibit “A”** to this Affidavit are normal average hourly rates charged by Schonfeld Inc. for services rendered in relation to engagements similar to its engagement as Manager in this matter. These accounts accurately reflect the services provided by the Manager in this matter.

**SWORN BEFORE ME** at the City of Toronto, in the Province of Ontario this 25<sup>th</sup> day of September, 2017.

  
A Commissioner for taking Affidavits, etc.

  
S. HARLAN SCHONFELD

Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.

This is Exhibit "A" referred to in the  
affidavit of S. Harlan Schonfeld  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.

A handwritten signature in black ink, appearing to read 'C. Baxter', is written over a horizontal line.

A Commissioner for Taking Affidavits

Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.

**Schonfeld Inc.**  
Receivers + Trustees

January 27, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1065

**\* INVOICE \***

**Re: Court Appointed Manager's account**

To: Professional services rendered for the period January 1, 2017 to January 26, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee: \$ 28,920.00

HST @ 13% 3,759.60

Our fee \$ 32,679.60

disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST  
T2 filing fees - incl HST  
courier charges incl HST

5,650.00  
1,559.33  
132.97

**Total Fees and Disbursements**

**\$ 40,021.90**

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	2.0	\$600	\$ 1,200.00
James Merryweather, CPA, CGA	60.0	\$450	\$ 27,000.00
Stephanie Williams	4.8	\$150	\$ 720.00
<b>TOTAL:</b>	<u>66.8</u>		<u>\$ 28,920.00</u>

H.S.T. #87283 8339 RT0001

Timedocket  
ENGAGEMENT NAME:  
Date:

S Harlan Schonfeld CPA, CIRP  
Dr. Bernstein v Walton  
September 20, 2013

312

DATE	DESCRIPTION	TIME (hh/mm)
<b>S. HARLAN SCHONFELD, CPA, CA CIRP</b>		
12-Jan-17	prepare for and attend conf call w/Goodmans & Merryweather	1.5
24-Jan-17	attend at Goodmans to sign Stat Dec re Queens Corner - Tarion, and give instructions to collect cost award from Kartelle	0.5
<b>TOTAL</b>	<b>HARLAN SCHONFELD</b>	<b>2.0</b>



DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
03-Jan-17	review banking, update cashflow; update projections; review proofs of claim and supporting documents, corr w creditors re deficiencies. issue notices of disallowance	4.0
04-Jan-17	tc w CRA; prepare documents for HST audit, courier same	1.5
05-Jan-17	prepare year-end accounting and adjustments for Schedule C companies; review documents for tax audit	2.0
06-Jan-17	prepare documents for Fraser Properties GST appeal, send same to CRA	1.0
09-Jan-17	review banking, update cashflow; prepare tax documents for inquiry; review claim correspondence	5.0
10-Jan-17	prepare fee allocation analysis; corr w City re realty tax rebate; corr w counsel	3.5
11-Jan-17	process AP; prepare fee allocation analysis;	4.0
12-Jan-17	conf call w HS, counsel; prepare fee allocation analysis; prepare interest income analysis; prepare tax documents for inquiry	4.0
13-Jan-17	finalize financials and file T2s (2014) for various Sch C companies	4.5
16-Jan-17	review banking, update cashflow; dealing w GIC reinvestments; prepare tax documents; prepare and file T2	4.5
17-Jan-17	prepare tax documents; prepare year-end accounting and analysis	3.5
18-Jan-17	review proof of claim support, document same, corr w creditors; prepare and file T2; prepare tax documents	4.0
19-Jan-17	prepare T2	1.0
20-Jan-17	prepare T2s; review proof of claim support docs, update database; prepare Y/E accounting; tc w CRA; tc w counsel	3.0
23-Jan-17	review banking, update cashflow; prepare T2; review proof of claim support documents, update claims database; prepare tax documents	4.0
24-Jan-17	prepare tax documents; working w BL re year-end accounting and reports	3.5

25-Jan-17	prepare year-end accounting and analysis; prepare tax documents; prepare schedule for Court report; dealing w creditor issue	5.0
26-Jan-17	prepare year-end accounting and analysis; prepare tax documents	2.0
<b>TOTAL</b>		<b>60.0</b>

Disbursements

	Expense	GST/HST	Total
Courier to CRA (T2-Sch C)	\$ 14.39	\$ 1.87	\$ 16.26
Courier to CRA (Cityview)	\$ 14.39	\$ 1.87	\$ 16.26
Courier to CRA (Fraser Properties)	\$ 16.40	\$ 0.82	\$ 17.22
Courier to Briarlane	\$ 38.26	\$ 4.97	\$ 43.23
			\$ -
	\$ 83.44	\$ 9.53	\$ 92.97
0 - T2 filings - 2012 @ 199.99	\$ -	\$ -	\$ -
0 - T2 filings - 2013 @ 199.99	\$ -	\$ -	\$ -
5 - T2 filings - 2014 @ 229.99	\$ 1,149.95	\$ 149.49	\$ 1,299.44
1 - T2 filings - 2015 @ 229.99	\$ 229.99	\$ 29.90	\$ 259.89
	\$ 1,379.94	\$ 179.39	\$ 1,559.33

DATE	DESCRIPTION	TIME (hh/mm)
STEPHANIE WILLIAMS		
03-Jan-17	Emails and telephone calls to and from creditors as per J. Merryweather's instructions.	0.5
06-Jan-17	Emails to and from creditors as per J. Merryweather's instructions.	0.5
09-Jan-17	Emails to and from creditors as per J. Merryweather's instructions.	0.5
11-Jan-17	Emails and telephone calls with a creditor as per J. Merryweather's instructions.	1.0
17-Jan-17	Telephone call with creditor and follow-up email to J. Merryweather.	0.5
18-Jan-17	Emails to and from creditors as per J. Merryweather's instructions.	1.5
20-Jan-17	Emails to creditors as per J. Merryweather's instruction.	0.3
TOTAL	STEPHANIE WILLIAMS	4.8

Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

# Invoice

Date	Invoice #
1/31/2017	24487

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties		5,000.00	5,000.00
HST (ON) on sales		13.00%	650.00
		<b>Total</b>	\$5,650.00
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,650.00



# Schonfeld Inc.

Receivers + Trustees

March 3, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1070

## \* INVOICE \*

### Re: Court Appointed Manager's account

To: Professional services rendered for the period January 27, 2017 to February 28, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee:	\$ 25,320.00
HST @ 13%	<u>3,291.60</u>

Our fee	\$ 28,611.60
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disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST	7,259.69
travel expenses - incl HST	766.98
T2 filing fees - incl HST	2,339.00
courier charges incl HST	<u>179.79</u>

<b>Total Fees and Disbursements</b>	<b>\$ 39,157.06</b>
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	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	-	\$600	\$ -
James Merryweather, CPA, CGA	54.5	\$450	\$ 24,525.00
Stephanie Williams	5.3	\$150	\$ 795.00
<b>TOTAL:</b>	<u>59.8</u>		<u>\$ 25,320.00</u>

H.S.T. #87283 8339 RT0001



DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
30-Jan-17	review banking, update cashflow; dealing w Tarion proceeds; file T2s (Sch C); prepar and file GST (Sch B); prepare tax appeal	5.5
31-Jan-17	prepare and file GST (Sch B and Sch C); prepare tax documents; dealing w Tarion refund	3.5
01-Feb-17	prepare T2s (Sch C) and tax schedules; prepare tax documents	3.5
02-Feb-17	prepare T2s (Sch C) and tax schedules; prepare tax documents	4.0
06-Feb-17	review banking, update cashflow; process AP; prepare T2s (Sch C) and schedules; tc w CRA re GST claim	4.5
09-Feb-17	prepare fee allocation schedule for Court report; tc w CRA; prepare docs for GST audit	4.5
10-Feb-17	review tax documents, prepare deposit	1.0
13-Feb-17	review banking, update cashflow; attend at Meridian; tc w counsel, prepare info for report; prepare tax schedules	4.0
15-Feb-17	prepare and file tax appeal; final distribution re Donalda; process AP; prepare and file GST returns; prepare year-end accounting and tax schedules; dealing w claim issue; corr w counsel	6.0
16-Feb-17	prepare year-wns accounting and tax schedules	2.5
17-Feb-17	prepare notice of disallowance; corr w creditor	0.5
20-Feb-17	review banking, update cashflow; prepare and file T2s (Sch C)	2.0
21-Feb-17	prepare T2s (Sch C); tc w CRA; prepare documents for GST audit; prepare year-end accounting; prepare tax schedules	4.5
22-Feb-17	prepare and file T2s (Sch C); prepare distribution re 6195 claim process; prepare GST for deposit; tc w CRA	3.5
24-Feb-17	prepare tax information for Court report; prepare T2 amendment	1.0
27-Feb-17	review banking, update cashflow; GIC investing; prepare year-end analysis and accounting (Sch B); tc w CRA; file amended schedules	3.5

28-Feb-17      prepare tax information for Court report      0.5

TOTAL	JAMES MERRYWEATHER	54.5
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Disbursements

	Expense	GST/HST	Total
Courier to CRA	\$ 14.25	\$ 2.14	\$ 16.39
Courier to CRA (BHH GST)	\$ 14.99	\$ 1.95	\$ 16.94
Courier to CRA-2 (UEL, 30A) and Briarlane	\$ 48.90	\$ 6.74	\$ 55.64
Courier to CRA-2 (6195, CAR) and Meridian	\$ 44.97	\$ 5.85	\$ 50.82
Airfare	\$ 422.25	\$ 62.84	\$ 485.09
Hotel	\$ 250.30	\$ 31.59	\$ 281.89
	<u>\$ 795.66</u>	<u>\$ 111.11</u>	<u>\$ 906.77</u>
0 - T2 filings - 2012 @ 199.99	\$ -	\$ -	\$ -
0 - T2 filings - 2013 @ 199.99	\$ -	\$ -	\$ -
5 - T2 filings - 2014 @ 229.99	\$ 1,149.95	\$ 149.50	\$ 1,299.45
4 - T2 filings - 2015 @ 229.99	\$ 919.96	\$ 119.59	\$ 1,039.55
	<u>\$ 2,069.91</u>	<u>\$ 269.09</u>	<u>\$ 2,339.00</u>



DATE	DESCRIPTION	TIME (hh/mm)
STEPHANIE WILLIAMS		
23-Jan-17	Emails and telephone calls with creditors as per J. Merryweather's instructions.	2.0
24-Jan-17	Emails to creditors as per J. Merryweather's instructions.	0.5
26-Jan-17	Emails to creditors as per J. Merryweather's instructions.	0.5
06-Feb-17	Receiving and responding to creditor communications as per J. Merryweather's instructions.	0.5
08-Feb-17	Receiving and responding to creditor communications as per J. Merryweather's instructions.	0.5
09-Feb-17	Receiving and responding to creditor communications as per J. Merryweather's instructions.	0.5
17-Feb-17	Reviewing notice of disallowance and dispute notice, and sending them as per J. Merryweather's instructions. Email exchange with J. Merrvweather.	0.5
24-Feb-17	Emails to and from creditors as per J. Merryweather's instructions.	0.3
TOTAL		5.3

Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

# Invoice

Date	Invoice #
2/28/2017	24777

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties		5,000.00	5,000.00
Reimbursement of Rasha's hours Dec 13, 14 & 15 2016	25.5	24.00	612.00
Reimbursement of Rasha's hours Dec 20 & 21 2016	12.5	24.00	300.00
Reimbursement of Rasha's hours Jan 24, 25, 26 2017	21	24.00	504.00
Reimbursement of Rasha's hours Feb 17, 2017		8.50	8.50
HST (ON) on sales		13.00%	835.19
<b>Total</b>			\$7,259.69
<b>Payments/Credits</b>			\$0.00
<b>Balance Due</b>			\$7,259.69



**Schonfeld Inc.**  
Receivers + Trustees

April 4, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1075

**\* INVOICE \***

**Re: Court Appointed Manager's account**

To: Professional services rendered for the period March 1, 2017 to March 31, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee: \$ 26,940.00

HST @ 13% 3,502.20

Our fee \$ 30,442.20

disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST	5,870.92
T2 filing fees - incl HST	4,678.00
courier charges incl HST	<u>40.00</u>

**Total Fees and Disbursements** **\$ 41,031.12**

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	1.0	\$600	\$ 600.00
James Merryweather, CPA, CGA	57.5	\$450	\$ 25,875.00
Stephanie Williams	3.1	\$150	\$ 465.00
<b>TOTAL:</b>	<u>61.6</u>		<u>\$ 26,940.00</u>

H.S.T. #87283 8339 RT0001

Timedocket

S Harlan Schonfeld CPA, CIRP

323

ENGAGEMENT NAME:

Dr. Bernstein v Walton

Date:

September 20, 2013

DATE	DESCRIPTION	TIME (hh/mm)
<b>S. HARLAN SCHONFELD, CPA, CA CIRP</b>		
Mar21-17	attend at Goodmans to review, finalize and sign 47th Manager's Report	1.0
<b>TOTAL</b>	<b>HARLAN SCHONFELD</b>	<b>1.0</b>

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
01-Mar-17	prepare and file GST returns (Jan/Feb); tc w CRA re T2 issue; dealing w GICs re fee allocation and claims process	2.5
02-Mar-17	prepare year-end accounting analysis and adjusting entries	3.5
06-Mar-17	review banking, update cashflow; funding and fee analysis; prepare year-end accounting analysis and adjustments; review GST issues:	4.0
08-Mar-17	prepare and file T2s (Sch C); prepare tax analysis and schedules	3.5
09-Mar-17	prepare and file T2 (Sch C)	1.0
10-Mar-17	prepare and file T2s (Sch C); tc w CRA re GST issue	1.5
13-Mar-17	review banking, update cashflow; prepare and file T2s (Sch C); prepare draft T2s (Sch B); dealing w GIC reinvestments	4.5
14-Mar-17	prepare draft T2s (Sch B); tc w CRA re GST issue, prepare docs re same	4.0
15-Mar-17	prepare schedule for Court report; prepare and file T2 (Sch B)	1.5
16-Mar-17	PREPARE DRAFT T2s (Sch B) and accounting entries	2.5
17-Mar-17	review draft Court report, provide information; review tax issues	1.0
20-Mar-17	review banking, update cashflow; tc w CRA re GST issue; prepare accounting	1.0
21-Mar-17	review draft Court report, provide comments; prepare and file T2s (Sch C); prepare y/e entries	3.0
22-Mar-17	prepare draft T2s (Sch B); prepare y/e accounting	3.0
23-Mar-17	prepare draft T2s (Sch B); prepare y/e accounting	5.0
27-Mar-17	review banking, update cashflow; dealing w GIC investing; prepare claims distribution analysis;	3.5
28-Mar-17	prepare draft T2s (Sch B); prepare accounting adjustments; GST analysis; banking issues	4.0
29-Mar-17	prepare and file T2s (Sch B); prepar accounting analysis and adjustments	3.5



30-Mar-17	prepare and file T2s (Sch C); prepare GIC accounting; dealing w GST issue	3.5
31-Mar-17	prepare proposed distribution, corr w creditors; update claims database	1.5
<b>TOTAL</b>		<b>57.5</b>

Disbursements

	Expense	GST/HST	Total
			\$ -
			\$ -
	\$ -	\$ -	\$ -
0 - T2 filings - 2012 @ 199.99	\$ -	\$ -	\$ -
0 - T2 filings - 2013 @ 199.99	\$ -	\$ -	\$ -
5 - T2 filings - 2014 @ 229.99	\$ 1,149.95	\$ 149.49	\$ 1,299.44
9 - T2 filings - 2015 @ 229.99	\$ 2,069.91	\$ 269.10	\$ 2,339.01
4 - T2 filings - 2016 @ 229.99	\$ 919.96	\$ 119.59	\$ 1,039.55
	<u>\$ 4,139.82</u>	<u>\$ 538.18</u>	<u>\$ 4,678.00</u>

DATE	DESCRIPTION	TIME (hh/mm)
STEPHANIE WILLIAMS		
09-Mar-17	Responding to creditor emails as per J. Merryweather's instructions.	0.5
10-Mar-17	Responding to creditor emails as per J. Merryweather's request.	0.3
13-Mar-17	Reaching out to CRA as per J. Merryweather's request and follow-up emails with J. Merryweather.	0.5
23-Mar-17	Telephone call with R. Ready of CRA.	0.5
27-Mar-17	Telephone call with CRA as per J. Merryweather's instructions and follow-up reporting email to J. Merryweather.	0.5
31-Mar-17	Preparing notice email for creditors as per J. Merryweather's instructions.	0.8
TOTAL	STEPHANIE WILLIAMS	3.1



Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

**Invoice**

Date	Invoice #
3/31/2017	24968

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties - March 2017		5,000.00	5,000.00
Reimbursement of Rasha's hours Feb 17 2017	8.5	24.00	204.00
For Feb 17 2017, on Inv2477, in error we only charged \$8.50 instead of \$204- Difference being charged now. Copy of Inv. Attached		-8.50	-8.50
HST (ON) on sales		13.00%	675.42
		<b>Total</b>	\$5,870.92
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,870.92



**Schonfeld Inc.**  
Receivers + Trustees

May 2, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1080

**\* INVOICE \***

**Re: Court Appointed Manager's account**

To: Professional services rendered for the period April 1, 2017 to April 30, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee: \$ 17,295.00

HST @ 13% 2,248.35

Our fee \$ 19,543.35

disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST	5,880.52
T2 filing fees - incl HST	259.89
courier charges incl HST	<u>73.10</u>

**Total Fees and Disbursements** **\$ 25,756.86**

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	-	\$600	\$ -
James Merryweather, CPA, CGA	37.0	\$450	\$ 16,650.00
Stephanie Williams	4.3	\$150	\$ 645.00
<b>TOTAL:</b>	<u>41.3</u>		<u>\$ 17,295.00</u>

H.S.T. #87283 8339 RT0001

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
03-Apr-17	review banking, update cashflow; dealing w GIC investments; prepare year-end accounting; dealing w Weston mortgagee issue:	3.5
05-Apr-17	prepare draft T2s (Sch C); prepar accounting entries; dealing w GST banking issue	3.0
07-Apr-17	prepare and file Q3/Mar. GST returns (Sch B and C); prepare draft T2s (Sch C) and adjusting entries	5.0
10-Apr-17	review banking, update cashflow; prepare for claims process funding	1.0
12-Apr-17	implement April 12 Order, including cheque preparation, record keeping, fee allocation, accounting and tax issues, GIC activity	5.5
13-Apr-17	prepare draft T2 (Sch C); dealing w April 12 Order re fees; prepare accounting; prepar distribution letters	2.0
17-Apr-17	review banking, update cashflow; GIC redemptions and accounting; finalize financials; tc w counsel re GST issue	3.0
18-Apr-17	dealing w GIC maturities and accounting; prepare cheques and letters for claims distribution; tc w CRA re GST issue;	4.5
21-Apr-17	attend at Meridian; prepare accounting analysis; dealing w GIC, fee reimbursement; prepare docs for GST audit;	3.0
24-Apr-17	review banking, update cashflow; dealing w GIC maturities; corr w CRA re GST issue; prepare GST analysis for filing; set up direct deposit (Sch C); prepare and release distributions re claims process	3.5
28-Apr-17	update cashflow; dealing w tax issues; prepare and file T2 (Sch B); respond to Ministry tax inquiries	3.0
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>37.0</b>

Disbursements

	Expense	GST/HST	Total
Courier to Briarlane	\$ 14.65	\$ 1.90	\$ 16.55
Courier to CRA	\$ 14.65	\$ 1.90	\$ 16.55
	\$ 29.30	\$ 3.80	\$ 33.10
1 - T2 filings - 2015 @ 229.99	\$ 229.99	\$ 29.90	\$ 259.89
0 - T2 filings - 2016 @ 229.99	\$ -	\$ -	\$ -
	\$ 229.99	\$ 29.90	\$ 259.89

DATE	DESCRIPTION	TIME (hh/mm)
STEPHANIE WILLIAMS		
03-Apr-17	Emails to and from creditors as per J. Merryweather's instructions.	0.8
04-Apr-17	Telephone call with creditor and follow-up email exchange with J. Merryweather.	0.5
06-Apr-17	Receiving calls from creditors and email to J. Merryweather regarding same.	0.5
07-Apr-17	Follow-up email to creditor as per J. Merryweather's instructions.	0.3
11-Apr-17	Telephone call with creditor as per J. Merryweather's instructions.	0.5
12-Apr-17	Email to and from creditors as per J. Merryweather's instructions.	0.3
17-Apr-17	Responding to creditor emails as per J. Merryweather's instructions.	0.3
18-Apr-17	Telephone call with creditor as per J. Merryweather's instruction.	0.3
19-Apr-17	Emails to and from creditors as per J. Merryweather's instruction.	0.5
21-Apr-17	Emails from creditor and email to J. Merryweather.	0.3
TOTAL	STEPHANIE WILLIAMS	4.3



Briarlane Rental Property Management Inc.

85 Spy Court  
 Suite 100  
 Markham, Ontario  
 L3R 4Z4

**Invoice**

Date	Invoice #
4/30/2017	25137

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties - April 2017		5,000.00	5,000.00
Reimbursement of Rasha's hours Apr 17 2017	8.5	24.00	204.00
HST (ON) on sales		13.00%	676.52
		<b>Total</b>	\$5,880.52
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,880.52



# Schonfeld Inc.

Receivers + Trustees

June 1, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1085

## \* INVOICE \*

### Re: Court Appointed Manager's account

To: Professional services rendered for the period May 1, 2017 to May 31, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee: \$ 25,425.00

HST @ 13% 3,305.25

Our fee \$ 28,730.25

disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST  
T2 filing fees - incl HST  
courier charges incl HST

5,650.00  
5,717.58  
93.91

### Total Fees and Disbursements

**\$ 40,191.74**

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	-	\$600	\$ -
James Merryweather, CPA, CGA	56.5	\$450	\$ 25,425.00
Stephanie Williams	-	\$150	\$ -
<b>TOTAL:</b>	<u>56.5</u>		<u>\$ 25,425.00</u>

H.S.T. #87283 8339 RT0001



DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
01-May-17	review banking, update cashflow; prepare monthly accounting	1.5
02-May-17	prepare docs for GST audit; review claims payments	0.5
03-May-17	prepare and send GST audit letter and documents	0.5
08-May-17	review banking, update cashflow; dealing w GIC maturities and fee reimbursements; review and finalize financials and prepare analysis	5.5
09-May-17	review and finalize financials; prepare instructions for GIC maturities	1.5
16-May-17	review banking, update cashflow; prepare accounting entries; prepare financial analysis; tc w CRA	3.0
17-May-17	review and finalize financials; prepare adjustments	3.5
18-May-17	finalize and file T2s (Sch B); prepare and file GST returns; prepare detailed accounting analysis	4.5
19-May-17	finalize and file T2s (Sch B); prepare and file GST returns; prepare detailed accounting analysis	3.5
23-May-17	review banking, update cashflow; dealing w GIC reinvestments; prepare detailed accounting analysis; prepare and file T2s (Sch B); dealing w GST audit	5.0
24-May-17	prepare detailed accounting analysis; prepare and file T2s (Sch B); prepare and file GST return	4.5
25-May-17	prepare detailed accounting analysis; prepare and file T2s (Sch B)	4.5
26-May-17	prepare detailed accounting analysis; prepare and file T2s (Sch B); prepare and file GST returns	4.5
29-May-17	review banking, update cashflow; GIC accounting; prepare detailed accounting analysis; prepare and file T2s (Sch B); prepare and file GST returns: corr w mortgagee	4.5
30-May-17	prepare detailed accounting analysis; prepare and file T2s (Sch B); prepare and file GST returns; corr re amalgamated companies:	5.0

31-May-17      prepare detailed accounting analysis; prepare and file T2s  
                      (Sch B); prepare and file GST returns; prepare schedules and  
                      corr re amalgamated companies: 4.5

TOTAL	JAMES MERRYWEATHER	56.5
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Disbursements

	Expense	GST/HST	Total
Courier - CRA	\$ 11.36	\$ 1.70	\$ 13.06
Courier - Briarlane	\$ 24.51	\$ 3.28	\$ 27.79
Courier - CRA	\$ 11.36	\$ 1.70	\$ 13.06
	\$ 47.23	\$ 6.68	\$ 53.91
0 - T2 filings - 2015 @ 229.99	\$ -	\$ -	\$ -
22 - T2 filings - 2016 @ 229.99	\$ 5,059.78	\$ 657.80	\$ 5,717.58
	\$ 5,059.78	\$ 657.80	\$ 5,717.58

Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

# Invoice

Date	Invoice #
5/30/2017	25293

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties - May 2017		5,000.00	5,000.00
HST (ON) on sales		13.00%	650.00
		<b>Total</b>	\$5,650.00
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,650.00



**Schonfeld Inc.**  
Receivers + Trustees

July 4, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1090

**\* INVOICE \***

**Re: Court Appointed Manager's account**

To: Professional services rendered for the period June 1, 2017 to June 30, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee: \$ 17,775.00

HST @ 13% 2,310.75

Our fee \$ 20,085.75

disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST  
T2 filing fees - incl HST  
courier charges incl HST

5,650.00  
2,598.92  
40.00

**Total Fees and Disbursements**

**\$ 28,374.67**

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	3.0	\$600	\$ 1,800.00
James Merryweather, CPA, CGA	35.5	\$450	\$ 15,975.00
Stephanie Williams	-	\$150	\$ -
<b>TOTAL:</b>	<u>38.5</u>		<u>\$ 17,775.00</u>

H.S.T. #87283 8339 RT0001

Tel. 416.862.7785 Fax. 416.862-2136

[info@schonfeldinc.com](mailto:info@schonfeldinc.com)

77 King Street West, Suite 3000, P O Box 95, Toronto, Ontario  
M5K 1G8

Timedocket  
**ENGAGEMENT NAME:**  
Date:

S Harlan Schonfeld CPA, CIRP  
**Dr. Bernstein v Walton**  
September 20, 2013

337

DATE	DESCRIPTION	TIME (hh/mm)
<b>S. HARLAN SCHONFELD, CPA, CA CIRP</b>		
13-Jun-17	review draft 48th Court report and comment	0.5
14-Jun-17	review amended report	0.5
19-Jun-17	attend Court motion re: Handelman; deal w/settlement	2.0
<b>TOTAL</b>	<b>HARLAN SCHONFELD</b>	<b>3.0</b>



DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
01-Jun-17	prepare detailed accounting analysis; prepare and file T2s (Sch B); prepare and file GST returns	3.0
05-Jun-17	review banking, update cashflow; review amended financials (Sch C); prepare and file GST Return (Sch C); monthly accounting; dealing w assumed company accounting issues	3.5
06-Jun-17	prepare and file T2s (Sch C); prepare tax docs; dealing w assumed company accounting issues; prepare detailed accounting analysis	6.5
07-Jun-17	prepare and file T2s (Sch C); prepare tax docs; prepare detailed accounting analysis	2.5
08-Jun-17	prepare and file T2s (Sch C); prepare tax docs; prepare detailed accounting analysis	2.0
09-Jun-17	prepare financial analysis (LVP) and amend draft T2; update GIC accounting	1.0
12-Jun-17	review banking, update cashflow; prepare and file T2s (Sch C); prepare detailed accounting analysis; prepare fee and expense allocation	5.0
13-Jun-17	review legal materials filed by Wallach; review draft Court report, provide schedule; review amended report	2.5
14-Jun-17	prepare and file T2s (Sch C); prepare detailed accounting analysis; review amended report, sign and return same	2.5
19-Jun-17	review banking, update cashflow; various tc re Court appearance; dealing w GIC maturity; process AP; prepare tax documents	2.0
28-Jun-17	review banking, update cashflow; update accounting	0.5
30-Jun-17	prepare and file GST returns (Sch B and C) - May/Jun and Q2; prepare month-end accounting; GIC renewals; corr w Enbridge re claim	4.5
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>35.5</b>

Disbursements

	Expense	GST/HST	Total
10 - T2 filings - 2016 @ 229.99	\$ 2,299.90	\$ 299.02	\$ 2,598.92
	\$ 2,299.90	\$ 299.02	\$ 2,598.92

Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

**Invoice**

Date	Invoice #
6/30/2017	25488

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties - June 2017		5,000.00	5,000.00
HST (ON) on sales		13.00%	650.00
		<b>Total</b>	\$5,650.00
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,650.00





**Schonfeld Inc.**  
Receivers + Trustees

August 2, 2017

Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc; and those Corporations listed on Schedule "B" of an Order made on November 5, 2013; and those Properties listed on Schedule "C" of an Order made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1095

**\* INVOICE \***

**Re: Court Appointed Manager's account**

To: Professional services rendered for the period July 1, 2017 to July 31, 2017 under the terms of an Order dated November 5, 2013 and August 12, 2014 as amended appointing Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee:	\$ 11,325.00
HST @ 13%	<u>1,472.25</u>
Our fee	\$ 12,797.25
disbursements: Briarlane Management Fee for maintaining books for Sch B and C properties - incl HST	5,650.00
T2 filing fees - incl HST	519.78
courier charges incl HST	<u>32.96</u>
<b>Total Fees and Disbursements</b>	<b>\$ 18,999.99</b>

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	1.0	\$600	\$ 600.00
James Merryweather, CPA, CGA	23.5	\$450	\$ 10,575.00
Stephanie Williams	1.0	\$150	\$ 150.00
<b>TOTAL:</b>	<u>25.5</u>		<u>\$ 11,325.00</u>

H.S.T. #87283 8339 RT0001

Timedocket  
**ENGAGEMENT NAME:**  
Date:

S Harlan Schonfeld CPA, CIRP  
**Dr. Bernstein v Walton**  
September 20, 2013

341

DATE	DESCRIPTION	TIME (hh/mm)
<b>S. HARLAN SCHONFELD, CPA, CA CIRP</b>		
25-Jul-17	banking and cash receipts;	1.0
<b>TOTAL</b>	<b>HARLAN SCHONFELD</b>	<b>1.0</b>

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
04-Jul-17	review banking, update cashflow; update fee allocation; prepare and file T2 (Sch B); detailed accounting analysis	3.0
06-Jul-17	tc and corr w Meridian re GICs; conf call w counsel re distributions, legal issues; review Orders and schedules; corr w mortgagee	1.0
07-Jul-17	prepare analysis of surplus funds and potential distributions; update GIC accounting; review legal issues	3.0
10-Jul-17	review banking, update cashflow; GIC accounting; prepare and file T2 (Sch B); detailed accounting analysis	3.5
11-Jul-17	tc e counsel re potential distribution, analysis; review investment analysis	0.5
14-Jul-17	prepare tax documents for request; tc w CRA; prepare docs for GST audit	3.5
17-Jul-17	review banking, update cashflow; accounting for GST refunds; fee allocation transfers	1.0
21-Jul-17	transfer funds re fee allocation; investing GICs and accounting for same' tc w CRA (2); prepare tax analysis, send to CRA re audit	2.0
24-Jul-17	review banking, update cashflow; GIC investing and accounting; detailed tax analysis	3.5
27-Jul-17	tc w counsel re claims process, tax issues, Court report	0.5
28-Jul-17	dealing w GIC investments and accounting; prepare sales analysis; fee allocation transfers	2.0
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>23.5</b>

Disbursements

	Expense	GST/HST	Total
Courier to CRA	\$ 14.58	\$ 1.90	\$ 16.48
Courier to CRA	\$ 14.58	\$ 1.90	\$ 16.48
	\$ 29.16	\$ 3.80	\$ 32.96
	Expense	GST/HST	Total
2 - T2 filings - 2016 @ 229.99	\$ 459.98	\$ 59.80	\$ 519.78
	\$ 459.98	\$ 59.80	\$ 519.78

Timedocket Stephanie Williams  
ENGAGEMENT NAME DR. BERNSTEIN v WALTON  
Insolvency Date:

343

DATE	DESCRIPTION	TIME (hh/mm)
STEPHANIE WILLIAMS		
26-Jul-17	Emails and telephone calls with creditor as per J. Merryweather's instructions.	0.5
28-Jul-17	Fielding voicemail, transcribing and communicating it to both J. Merryweather and R. Link (as per J. Merryweather's instructions).	0.5
TOTAL	STEPHANIE WILLIAMS	1.0

Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

# Invoice

Date	Invoice #
7/31/2017	25690

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties - July 2017		5,000.00	5,000.00
HST (ON) on sales		13.00%	650.00
		<b>Total</b>	\$5,650.00
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,650.00





# Schonfeld Inc.

## Receivers + Trustees

September 5, 2017

Norma Walton, Ronauld Walton, The Rose &  
Thistle Group Ltd. and Eglinton Castle Inc; and  
those Corporations listed on Schedule "B" of an  
an Order made on November 5, 2013; and those  
Properties listed on Schedule "C" of an Order  
made on August 12, 2014  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

Invoice #1100

### \* INVOICE \*

**Re: Court Appointed Manager's account**

To: Professional services rendered for the period August 1, 2017  
to August 31, 2017 under the terms of an Order dated  
November 5, 2013 and August 12, 2014 as amended appointing  
Schonfeld Inc. Manager, as detailed in the attached timedockets

Our fee: \$ 11,040.00

HST @ 13% 1,435.20

Our fee \$ 12,475.20

disbursements: Briarlane Management Fee for  
maintaining books for Sch B and C  
properties - incl HST  
courier charges incl HST

5,650.00  
33.67

**Total Fees and Disbursements**

**\$ 18,158.87**

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP	2.0	\$600	\$ 1,200.00
James Merryweather, CPA, CGA	21.5	\$450	\$ 9,675.00
Stephanie Williams	1.1	\$150	\$ 165.00
<b>TOTAL:</b>	<u>24.6</u>		<u>\$ 11,040.00</u>

H.S.T. #87283 8339 RT0001

Tel. 416.862.7785 Fax. 416.862-2136

[info@schonfeldinc.com](mailto:info@schonfeldinc.com)

77 King Street West, Suite 3000, P O Box 95, Toronto, Ontario  
M5K 1G8



Timedocket  
**ENGAGEMENT NAME:**  
Date:

S Harlan Schonfeld CPA, CIRP  
**Dr. Bernstein v Walton**  
September 20, 2013

346

DATE	DESCRIPTION	TIME (hh/mm)
<b>S. HARLAN SCHONFELD, CPA, CA CIRP</b>		
Aug 22-17	conf call/Goodmans & Merryweather re: Motion	1.0
Aug 24-17	conf call w/Goodmans & Merryweather re Report and motion for discharge	1.0
<b>TOTAL</b>	<b>HARLAN SCHONFELD</b>	<b>2.0</b>

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
01-Aug-17	review banking, update cashflow; dealing w GIC investments and accounting	1.0
03-Aug-17	process AP; dealing w tax and distribution issues	0.5
09-Aug-17	review banking, update cashflow; update fee allocation analysis	1.0
14-Aug-17	review banking, update cashflow; prepare docs for GST audit, send to CRA; file GST returns	1.5
15-Aug-17	prepare accounting and banking (Sch C)	1.0
17-Aug-17	prepare banking and accounting (Sch B); corr w counsel re Court report; review Sch C financial info	2.5
21-Aug-17	review banking, update cashflow; review Sch C financial info	1.0
22-Aug-17	conf call w counsel; prepare info for report	1.5
23-Aug-17	prepare accounting information; prepare creditor information	2.0
24-Aug-17	review draft Court report, prepare information; review funding analysis; tc w CRA; prepare info for GST audit, send same: conf call w counsel	3.5
25-Aug-17	prepare docs, corr w creditors	0.5
31-Aug-17	review banking, update cashflow; prepare GST analysis re claims process; update financials for assumed companies; review Sch B financials	5.5
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>21.5</b>

Disbursements

	Expense	GST/HST	Total
Courier to CRA	\$ 16.31	\$ 0.82	\$ 17.13
Courier to CRA	\$ 14.38	\$ 2.16	\$ 16.54
	\$ 30.69	\$ 2.98	\$ 33.67

DATE	DESCRIPTION	TIME (hh/mm)
<b>STEPHANIE WILLIAMS</b>		
25-Aug-17	Preparing distribution and sending letter to creditors as per J. Merryweather's instructions regarding Weston and Riverdale.	0.5
29-Aug-17	Receiving creditor call and follow-up email to J. Merryweather regarding same.	0.3
30-Aug-17	Responding to Creditor inquiry as per J. Merryweather's instructions.	0.3
TOTAL	STEPHANIE WILLIAMS	1.1

Briarlane Rental Property Management Inc.

85 Spy Court  
Suite 100  
Markham, Ontario  
L3R 4Z4

# Invoice

Date	Invoice #
8/31/2017	25828

Invoice To
Schonfeld Inc 77 King St. West, Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Management Fees for maintaining the books for all the Schedule B and Schedule C properties - Aug 2017		5,000.00	5,000.00
HST (ON) on sales		13.00%	650.00
		<b>Total</b>	\$5,650.00
		<b>Payments/Credits</b>	\$0.00
		<b>Balance Due</b>	\$5,650.00

**SCHEDULE “A” COMPANIES**

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

**SCHEDULE “B” COMPANIES**

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties 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.



**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

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

**AFFIDAVIT OF  
S. HARLAN SCHONFELD**  
(Sworn September 25<sup>th</sup>, 2017)

**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

**M**

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

**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 ON SCHEDULE B HERETO, TO BE  
BOUND BY THE RESULT

**AFFIDAVIT OF BRIAN EMPEY  
(Sworn September 25, 2017)**

I, BRIAN EMPEY, of the City of Toronto, in the Province of Ontario, **MAKE OATH  
AND SAY:**

1. I am a partner with the law firm of Goodmans LLP (“**Goodmans**”), counsel for Schonfeld Inc. (the “**Manager**”) in its capacity as Court-appointed manager of the companies listed at Schedule “B” to the Order of Justice Newbould dated November 5, 2013 and in its capacity as Court-appointed receiver/manager of the properties listed at Schedule “C” to the Judgment and Order of Justice Brown dated August 12, 2014. Since January 31, 2014 (when Fred Myers was appointed a Judge of the Superior Court), I have been the lawyer at Goodmans with overall responsibility for this file. As such, I have knowledge of the matters hereinafter deposed to.
2. Attached hereto and marked as Exhibits “A” – “H” is a copy of each invoice rendered by Goodmans to the Manager in respect of the period from January 1, 2017 to August 31, 2017 (the


- 2 -

**“Goodmans Application Period”**). The invoices all reflect a write off for any word processing and secretarial overtime charges. The invoices have been redacted for confidentiality and/or privileged information where appropriate.

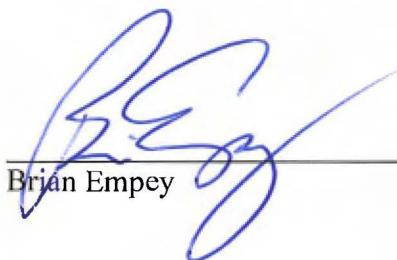
3. As is shown on the summary chart attached as Exhibit “I”, Goodmans expended a total of 157.9 hours in connection with this matter during the Goodmans Application Period, giving rise to fees and disbursements totalling \$102,848.77, including HST, as outlined in Exhibits “A” – “H”.

4. Goodmans’ rates and disbursements are consistent with those in the market for these types of matters. Goodmans has had its rates and disbursements approved by this Honourable Court previously in this proceeding, most recently by Order of Justice Newbould dated April 12, 2017 and in respect of similar services provided in various insolvency and restructuring files.

SWORN before me at the City of Toronto,  
in the Province of Ontario, on this 25<sup>th</sup> day  
of September, 2017.



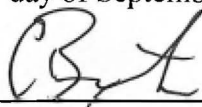
A Commissioner for taking affidavits  
Name: Chris Baxter



Brian Empey

**Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.**

This is Exhibit "A" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

February 6, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 679089

GST/HST REGISTRATION NO. R119422962

Re: Manager

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TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
01/05/17	CEF	.20	Reviewing correspondence re: Fraser Properties; e-mailing J. Merryweather re: same.
01/06/17	GLL	.20	875 Queen East: discussions with M. Dunn; receipt and review of City By-Law and Amendment to Agreement of Purchase and Sale; discussions with K. Herlin.
01/11/17	CEF	.60	Correspondence with clients; preparing motion materials re: security posted to discharge lien on 30 Hazelton.
01/11/17	KEH	1.10	Further to exchange of emails with H. Schonfeld review record books in connection with sale of 875 Queensway property and in particular the mortgage granted in connection with Red Door Shelter operations at location; discussions with G. Lauzon re: same following review of files; correct error by borrower/purchaser that Vendor Take Back mortgage was registered; exchange emails with H. Schonfeld re: same; discussion with G. Lauzon re: same.
01/16/17	CEF	.20	E-mailing A. Slavens re: Tarion security deposit re: Queen's Corner.
01/17/17	CEF	.20	Emailing J. Merryweather; e-mailing M. Richardson (Kartelle) re: outstanding costs.





Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #679089 -- page 2

Date	TKID	Hours	Description
01/18/17	CEF	.10	Correspondence with J. Merryweather.
01/20/17	CEF	.70	Attending call with J. Merryweather; reviewing statutory declaration requested by Tarion; e-mailing H. Schonfeld re: same; preparing billing summary in preparation for fee allocation analysis.
01/23/17	CEF	1.10	Meeting with H. Schonfeld; e-mailing A. Slavens re: statutory declaration in respect of Queen's Corner Claims Process; leaving voicemail for M. Richardson (Kartelle) re: costs award; e-mailing M. Richardson re: same; meeting with M. Dunn.
01/24/17	CEF	.50	Attending call with Aluvion Law re: costs owed by Kartelle; e-mailing H. Schonfeld re: same; attending call with E. Apps re: same; e-mailing E. Apps re: same.
01/25/17	CEF	.70	Drafting fee affidavit of H. Schonfeld; attending call with J. Merryweather; meeting with M. Dunn.
01/27/17	CEF	2.10	Meeting with H. Schonfeld re: commissioning fee affidavit; drafting fee affidavit of B. Empey; reviewing invoices re: same; drafting letter re: Weston Road.
01/30/17	CEF	1.20	Reviewing correspondence from Tarion re: Queen's Corner Corp.; emailing clients re: same; drafting letter to Meridian re: same; reviewing and revising fee affidavit of B. Empey; compiling same; reviewing summary of billings for fee approval; emailing J. Merryweather re: summary of Schedule C Property proceeds for R. Fisher.
01/31/17	CEF	1.50	Correspondence with R. Fisher; reviewing motion materials re: Schedule C proceeds; reviewing order re: sale of Prince Edward; emailing M. Dunn and J. Merryweather re: same; reviewing correspondence from S. Roy and N. Walton to court of appeal re: dismissal of Walton appeal.

**OUR FEE****\$5,231.00**

TKID	NAME	HOURS	RATE	TOTAL
KEH	Herlin, Ken	1.10 hrs	\$950.00	\$1,045.00
CEF	Fox, Carlie	9.10 hrs	\$450.00	\$4,095.00
GLL	Lauzon, Gloria	0.20 hrs	\$455.00	\$91.00



Barristers &amp; Solicitors

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333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

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Facsimile: 416.979.1234  
goodmans.ca

Invoice #679089 -- page 3

TKID	NAME	HOURS	RATE	TOTAL
				\$5,231.00

**DISBURSEMENTS**

Conference Calls	7.92
Search - Sub	32.70

<b>TOTAL DISBURSEMENTS</b>	<b>\$40.62</b>
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TOTAL FEES ON THIS INVOICE	\$5,231.00
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HST ON FEES	680.03
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NON TAXABLE DISBURSEMENTS	0.00
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TAXABLE DISBURSEMENTS	40.62
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TOTAL DISBURSEMENTS ON THIS INVOICE	\$40.62
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HST ON TAXABLE DISBURSEMENT	5.28
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<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$5,956.93</b>
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TRUST FUNDS	\$248,341.63
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**Goodmans**<sup>LLP</sup>

Barristers & Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #679089 -- page 4

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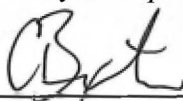
THIS IS OUR ACCOUNT HEREIN  
GOODMANS LLP



E. & O. E.  
BFE /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 0.80% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.

This is Exhibit "B" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

*Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.*



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

February 28, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074  
OUR INVOICE NO. 680628  
GST/HST REGISTRATION NO. R119422962

Re: Manager

---

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
02/02/17	CEF	.10	Correspondence with R. Fisher.
02/06/17	CEF	1.80	Correspondence from J. Merryweather; reviewing 2016 dockets for fee allocation motion.
02/07/17	CEF	3.10	Correspondence to Messrs. Belluz and Zinman re: Weston; reviewing 2016 dockets for fee allocation motion; correspondence with J. Merryweather; meeting with M. Dunn re: Dupont mortgagee claim.
02/07/17	ACH	3.10	Researching case law re: enforcement of contractual cost indemnity; drafting e-mail to C. Fox and M. Dunn re: enforcement of contractual cost indemnity in receivership.
02/08/17	CEF	2.40	Reviewing legal research re: Dupont Mortgagees' entitlement to enforcement costs; reviewing orders dismissing Dupont Mortgagees challenges to Manager's charge; drafting notice of disallowance; reviewing and revising 2016 fee allocation.
02/09/17	CEF	.60	Correspondence with J. Merryweather; drafting 47th Report of the Manager.
02/10/17	MSD	.80	Reviewing Dupont mortgagee claim and drafting response; reviewing law relevant to same.
02/13/17	CEF	.90	Attending call with J. Merryweather; meeting with M. Dunn; drafting report.





Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #680628 -- page 2

Date	TKID	Hours	Description
02/14/17	CEF	.20	Revising Dupont Mortgagee disallowance; emailing J. Merryweather re: same.
02/16/17	CEF	.20	Reviewing correspondence from N. Walton re: motion for extension of time to perfect appeal; reviewing motion materials re: same.
02/18/17	CEF	.70	Drafting 47th Report of the Manager.
02/21/17	CEF	4.10	Drafting 47th Report of the Manager; reviewing Applicant's responding motion record re: Waltons' motion to extend time to perfect appeal; exchanging emails with B. Zinman re: Weston claim; exchanging emails with J. Merryweather.
02/22/17	CEF	1.20	Reviewing and revising 47th Report of the Manager; attending call with J. Merryweather re: same.
02/23/17	CEF	.10	Correspondence with J. Merryweather.
02/24/17	MSD	2.20	Reviewing and revising 47th report re: various issues; discussions with C. Fox re: same; reviewing materials re: motion returnable February 27 to extend time; emails with court re: adjournment.
02/24/17	CEF	1.50	Reviewing and revising 47th Report; meeting with M. Dunn.

**OUR FEE****\$10,544.50**

TKID	NAME	HOURS	RATE	TOTAL
MSD	Dunn, Mark	3.00 hrs	\$675.00	\$2,025.00
CEF	Fox, Carlie	16.90 hrs	\$450.00	\$7,605.00
ACH	Harmes, Andrew	3.10 hrs	\$295.00	\$914.50
				<b>\$10,544.50</b>

**DISBURSEMENTS**

Copies	0.00
Delivery - Courier	21.49

**TOTAL DISBURSEMENTS****\$21.49**



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #680628 -- page 3

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TOTAL FEES ON THIS INVOICE	\$10,544.50
HST ON FEES	1,370.79
NON TAXABLE DISBURSEMENTS	0.00
TAXABLE DISBURSEMENTS	21.49
TOTAL DISBURSEMENTS ON THIS INVOICE	\$21.49
HST ON TAXABLE DISBURSEMENT	2.79
<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$11,939.57</b>

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TRUST FUNDS	\$248,357.95
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THIS IS OUR ACCOUNT HEREIN  
GOODMANS LLP

E. & O. E.  
BFE /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 0.80% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.

This is Exhibit "C" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.





Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

March 30, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 682386

GST/HST REGISTRATION NO. R119422962

Re: Manager

---

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
02/28/17	CEF	2.20	Correspondence with S. Roy, R. Fisher and J. Merryweather re: payment of tax liabilities owing by United Empire Lands and Prince Edward Properties; reviewing endorsement of Justice Epstein re: Applicants' motion for security for costs of the Respondents' appeal; emailing clients re: same; reviewing NOAs re: United Empire Lands; exchanging emails with M. Dunn re: same.
03/01/17	CEF	1.40	Emailing B. Zinman and R. Belucci re: Weston claim; correspondence re: Waltons' motion for extension of time; meeting with M. Dunn re: same.
03/02/17	MSD	1.50	Preparing for hearing of motion for extension of time; attending same; drafting and revising 47th report as it relates to Wallach/Zimmerman fees.
03/03/17	CEF	.80	Correspondence with Commercial List and service list re: scheduling Manager's motion; preparing hearing request form; correspondence with M. Brzezinski re: Dupont HST indemnity.
03/06/17	CEF	.70	Correspondence with R. Fisher re: UEL tax filings; meeting with M. Dunn re: motion returnable April 12, 2017; correspondence with J. Merryweather re: Weston.
03/07/17	CEF	.20	Reviewing correspondence from B. Zinman; reviewing correspondence from M. Brzezinski re: Dupont; e-mailing J. Merryweather re: same.

Invoice #682386 -- page 2

Date	TKID	Hours	Description
03/08/17	BFE	.20	Reviewing and commenting on draft fee affidavit.
03/08/17	CEF	.70	Reviewing and revising fee affidavit of B. Empey; exchanging emails with B. Empey re: same; reviewing and revising 47th Report.
03/09/17	BFE	.20	Meeting with C. Fox to swear fee affidavit and for update on Court proceedings.
03/09/17	CEF	.40	Meeting with B. Empey re: commissioning fee affidavit and file update.
03/13/17	MSD	.70	Reviewing emails re: Court of Appeal Motion of Extension; drafting and revising 47th report.
03/14/17	MSD	3.30	Telephone call with J. Merryweather re: motion material required; revising 47th report and sending same to C. Fox; drafting report re: I. Wallach and I. Zimmerman; preparing for oral argument of motion for extension of time to perfect appeal.
03/14/17	CEF	.30	Meeting with M. Dunn re: 47th Report; reviewing trust balances.
03/15/17	MSD	5.20	Preparing for and attending motion re: extension of time; drafting 47th report; reviewing correspondence with I. Wallach and I. Zimmerman re: fees and drafting report re: same; reviewing trust balances.
03/16/17	MSD	2.50	Drafting and revising 47th report; emailing client re: same; reviewing material provided re: N. Walton funding; drafting Notice of Motion re: 47th report; receiving and reviewing decision re: appeal of the Respondents.
03/16/17	CEF	.30	Reviewing dismissal of N. Walton appeal; attending call with B. Zinman re: Weston.
03/19/17	MSD	1.30	Revising 47th report per comments of J. Merryweather; emails to J. Merryweather.
03/20/17	MSD	1.50	Drafting motion materials re: 47th report; revising 47th report; gathering materials relevant to same.
03/21/17	MSD	.80	Finalizing 47th report and assembling exhibits; meeting with H. Schonfeld re: report.
03/22/17	MSD	1.80	Drafting Order and Notice of Motion re: 47th Report.
03/22/17	BFE	.20	Reviewing Court of Appeal decisions and forward same by email to Schonfeld.



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #682386 -- page 3

Date	TKID	Hours	Description
03/24/17	MSD	1.20	Drafting Order re: 47th report; emails with J. Merryweather re: same; drafting Notice of Motion; telephone call with D. Glatt.
03/26/17	CEF	3.60	Drafting factum re: 47th Report; compiling book of authorities re: same; drafting notice of motion.
03/27/17	CEF	1.30	Correspondence with counsel to the Dupont Mortgagees; reviewing and revising Notice of Motion; reviewing and revising motion record; serving same; correspondence re: Weston Road claims.
03/28/17	CEF	.30	Reviewing Schedule B GST recovery summary.

**OUR FEE****\$19,410.00**

TKID	NAME	HOURS	RATE	TOTAL
BFE	Empey, Brian F.	0.60 hrs	\$925.00	\$555.00
MSD	Dunn, Mark	19.80 hrs	\$675.00	\$13,365.00
CEF	Fox, Carlie	12.20 hrs	\$450.00	\$5,490.00
				<b>\$19,410.00</b>

**DISBURSEMENTS**

Copies 144.75

**TOTAL DISBURSEMENTS****\$144.75**

TOTAL FEES ON THIS INVOICE \$19,410.00

HST ON FEES 2,523.30

NON TAXABLE DISBURSEMENTS 0.00

TAXABLE DISBURSEMENTS 144.75

TOTAL DISBURSEMENTS ON THIS INVOICE \$144.75



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #682386 -- page 4

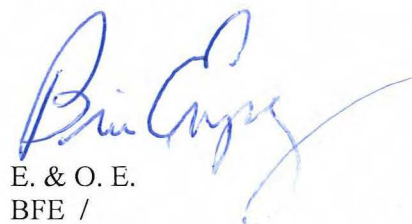
HST ON TAXABLE DISBURSEMENT	18.82
<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$22,096.87</b>

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TRUST FUNDS	\$248,357.95
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THIS IS OUR ACCOUNT HEREIN  
GOODMANS LLP

A handwritten signature in blue ink, appearing to read "E. & O. E. BFE".

E. & O. E.  
BFE /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 0.80% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.



This is Exhibit "D" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

*Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.*



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

April 28, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 684297

GST/HST REGISTRATION NO. R119422962

Re: Manager

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TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
03/27/17	MSD	.50	Reviewing and revising Notice of Motion re: 47th report; emails with client re: various issues.
03/29/17	CEF	.30	Correspondence with J. Merryweather re: Weston claims; attending call with J. Merryweather re: Manager's motion returnable April 12, 2017 and GST refund issues.
03/30/17	CEF	.50	Attending call with J. Merryweather and M. Dunn re: GST refunds and Rose and Thistle invoices to Schedule B Companies.
03/31/17	BFE	.20	Receiving and reviewing correspondence from mortgagee at 355 Weston Road; emails discussing same.
03/31/17	CEF	.20	Reviewing correspondence re: Weston Road claims.
04/03/17	MSD	.50	Call with client re: 355 Weston; reviewing motion material and Factum.
04/03/17	CEF	1.00	Drafting letter to Bianchi Presta re: Weston claims; attending call with H. Schonfeld, J. Merryweather, M. Dunn re: same.
04/04/17	CEF	.80	Meeting with M. Dunn re: next steps; reviewing and revising factum.
04/07/17	CEF	.30	Finalizing factum and book of authorities of the Manager re: 47th Report; serving same.



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #684297 -- page 2

Date	TKID	Hours	Description
04/11/17	MSD	.70	Reviewing draft Order and motion material; discussion with C. Fox; call with H. Schonfeld.
04/11/17	CEF	.90	Meeting with M. Dunn re: motion for approval of fees and allocation; reviewing and revising draft order re: same; emailing service list and J. Merryweather re: same.
04/12/17	CEF	1.80	Attending at the Superior Court of Justice re: motion for approval of fees and activities.
04/13/17	CEF	.20	Corresponding with J. Merryweather re: Dupont; emailing service list re: issued order.
04/17/17	CEF	.20	Attending call with J. Merryweather re: Fraser Properties security agreement; reviewing general security agreement.
04/26/17	MSD	.40	Call with S. Roy re: tracing and other issues; reviewing I. Wallach fee issue.

**OUR FEE****\$4,392.50**

TKID	NAME	HOURS	RATE	TOTAL
BFE	Empey, Brian F.	0.20 hrs	\$925.00	\$185.00
MSD	Dunn, Mark	2.10 hrs	\$675.00	\$1,417.50
CEF	Fox, Carlie	6.20 hrs	\$450.00	\$2,790.00
				\$4,392.50

**DISBURSEMENTS**

Parking/ Cab / Mileage	4.96
Copies	103.75
Search - EDD	28.00
Meals	17.86
Process Server	280.00
Computer Searches - Westlaw Carswell	112.50

**TOTAL DISBURSEMENTS****\$547.07**



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

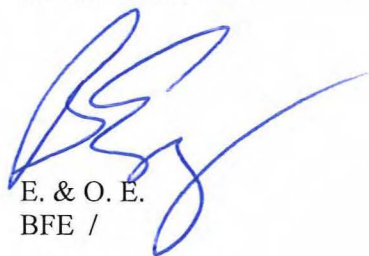
Invoice #684297 -- page 3

TOTAL FEES ON THIS INVOICE	\$4,392.50
HST ON FEES	571.03
NON TAXABLE DISBURSEMENTS	0.00
TAXABLE DISBURSEMENTS	547.07
TOTAL DISBURSEMENTS ON THIS INVOICE	\$547.07
HST ON TAXABLE DISBURSEMENT	71.12
<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$5,581.72</b>

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TRUST FUNDS	\$248,396.76
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THIS IS OUR ACCOUNT HEREIN  
GOODMANS LLPA blue ink signature, appearing to be "E. & O. E. BFE", written in a stylized, cursive script.

E. & O. E.  
BFE /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 0.80% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.



This is Exhibit "E" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

*Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.*



Barristers &amp; Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

May 26, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 685303

GST/HST REGISTRATION NO. R119422962

Re: Manager

---

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
05/01/17	CEF	.20	Meeting with S. Stothart re: motion for repayment of monies posted to discharge construction liens.
05/04/17	CEF	.90	Emailing B. Zinman re: Weston; drafting correspondence to counsel to Laser Heating and Firm Capital re: 30 Hazelton; correspondence with A. Blumenfeld re: orders.
05/11/17	CEF	2.50	Attending call with J. Fried re: 30 Hazelton; drafting motion materials re: same; reviewing and revising affidavit re: same; exchanging emails with G. Lauzon and S. Stothart re: same.
05/11/17	GLL	.30	Numerous email; download documents from Teraview and provide copy to C. Fox.
05/16/17	CEF	.80	Reviewing and revising motion record re: 30 Hazelton; emailing counsel to Laser and counsel to Firm Capital re: same; emailing J. Merryweather re: same.
05/19/17	CEF	.10	Reviewing correspondence from R. Fisher re: appeal factum citations; calling D. Glatt re: appeal book and compendium.
05/23/17	CEF	.60	Emailing B. Zinman and A. Blumenfeld re: 30 Hazelton; attending call with E. Creelman re: documentary requests from counsel to the Levytams; emailing J. Merryweather re: same and re: payment to Laser in respect of 30



Barristers &amp; Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #685303 -- page 2

Date	TKID	Hours	Description
			Hazelton; emailing B. Zinman re: payment to Laser in respect of 30 Hazelton.
05/24/17	CEF	1.00	Attending call with E. Judges re: appeal materials; attending call with A. Blumenfeld re: 30 Hazelton; reviewing and revising release by Laser re: 30 Hazelton action.

<b>OUR FEE</b>	<b>\$2,881.50</b>
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TKID	NAME	HOURS	RATE	TOTAL
CEF	Fox, Carlie	6.10 hrs	\$450.00	\$2,745.00
GLL	Lauzon, Gloria	0.30 hrs	\$455.00	\$136.50
				<b>\$2,881.50</b>

**DISBURSEMENTS**

Process Server	75.00
Search - Sub	17.00

<b>TOTAL DISBURSEMENTS</b>	<b>\$92.00</b>
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TOTAL FEES ON THIS INVOICE	\$2,881.50
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HST ON FEES	374.60
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NON TAXABLE DISBURSEMENTS	0.00
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TAXABLE DISBURSEMENTS	92.00
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TOTAL DISBURSEMENTS ON THIS INVOICE	\$92.00
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HST ON TAXABLE DISBURSEMENT	11.96
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<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$3,360.06</b>
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Barristers & Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
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Invoice #685303 -- page 3

TRUST FUNDS

\$248,440.99

---

THIS IS OUR ACCOUNT HEREIN  
GOODMANS LLP

A handwritten signature in blue ink, appearing to be "E. & O. E. BFE", written over the printed name.

E. & O. E.  
BFE /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 0.80% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.

This is Exhibit "F" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

June 29, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 687440

GST/HST REGISTRATION NO. R119422962

Re: Manager

---

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
05/25/17	CEF	.10	Emailing Chaitons re: release by Laser re: 30 Hazelton.
05/26/17	CEF	.30	Emailing B. Zinman and A. Blumenfeld re: 30 Hazelton; meeting with S. Stothart re: same.
05/30/17	MSD	1.50	Telephone call with A. Blumenfeld re: appeal and Schedule "C" issues; reviewing facta re: appeal.
05/30/17	CEF	.40	Emailing A. Blumenfeld re: 30 Hazelton; attending call with B. Zinman re: same.
05/31/17	MSD	1.70	Reviewing material re: appeal; preparing for same.
06/01/17	MSD	6.20	Preparing for appeal; reviewing facts; calls and emails with S. Roy re: Cecil and other matters; reviewing material re: potential Schedule C claims process.
06/01/17	CEF	.30	Preparing materials for hearing of Applicants' appeal.
06/02/17	MSD	6.60	Preparing for and attending hearing at the Ontario Court of Appeal re: Order of Newbould, J. dated September 23, 2016.
06/02/17	GLL	.50	Update statement of receipt and disbursement of funds.
06/06/17	MSD	.80	Reviewing statement of receipts and disbursements; drafting next steps email.



Invoice #687440 -- page 2

Date	TKID	Hours	Description
06/07/17	MSD	.50	Reviewing Handelman fee motion; instructions to C. Fox re: same.
06/07/17	CEF	.40	Meeting with M. Dunn re: Handelman fee motion.
06/08/17	MSD	1.20	Reviewing motion material re: S. Handelman fees; preparing responding material; email to S. Roy.
06/11/17	CEF	.50	Reviewing motion record re: Handelman fees; drafting 48th report re: same.
06/12/17	CEF	.90	Drafting 48th report re: Handelman fee allocation.
06/13/17	MSD	1.80	Reviewing and revising report re: Handelman fees; reviewing issues re: amounts held for N. Walton contributions.
06/13/17	CEF	1.10	Reviewing and revising 48th report of the Manager re: Handelman fees (Fraser); correspondence with J. Merryweather re: same.
06/14/17	MSD	1.20	Finalizing and serving report; discussions with C. Fox; reviewing correspondence from L. Wallach.
06/14/17	CEF	1.30	Reviewing and revising 48th Report of the Manager; preparing responding motion record; attending calls with J. Merryweather and H. Schonfeld re: same; attending call with L. Wallach; reviewing Handelman's factum.
06/15/17	MSD	.20	Reviewing factum and authorities re: Handelman fee motion.
06/16/17	MSD	.50	Reviewing faction of Handelman group and preparing for oral argument.
06/19/17	MSD	4.20	Preparing for and attending motion re: Handelman fee issues.

## OUR FEE

**\$20,432.50**

TKID	NAME	HOURS	RATE	TOTAL
MSD	Dunn, Mark	26.40 hrs	\$675.00	\$17,820.00
CEF	Fox, Carlie	5.30 hrs	\$450.00	\$2,385.00
GLL	Lauzon, Gloria	0.50 hrs	\$455.00	\$227.50
				<b>\$20,432.50</b>

## DISBURSEMENTS

Copies

74.50



Barristers &amp; Solicitors

Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #687440 -- page 3

Process Server

75.50

**TOTAL DISBURSEMENTS****\$150.00**

TOTAL FEES ON THIS INVOICE

\$20,432.50

HST ON FEES

2,656.23

NON TAXABLE DISBURSEMENTS

0.00

TAXABLE DISBURSEMENTS

150.00

TOTAL DISBURSEMENTS ON THIS INVOICE

\$150.00

HST ON TAXABLE DISBURSEMENT

19.50

**TOTAL THIS INVOICE (CANADIAN DOLLARS)****\$23,258.23**

TRUST FUNDS

\$248,460.26



**Goodmans**<sup>LLP</sup>

Barristers & Solicitors

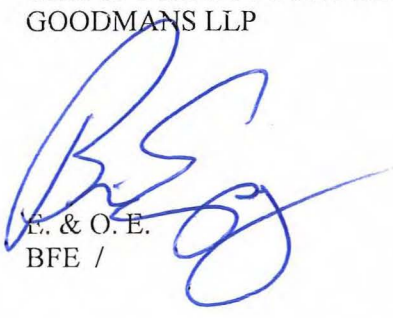
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #687440 -- page 4

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GOODMANS LLP

  
E. & O. E.  
BFE /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 0.80% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.

This is Exhibit "G" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

**Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.**



Barristers &amp; Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

July 31, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 689012

GST/HST REGISTRATION NO. R119422962

Re: Manager

---

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
07/05/17	MSD	.30	Discussions with C. Fox re: 30 Hazelton issues.
07/05/17	CEF	.20	Corresponding with Chaitons re: 30 Hazelton motion.
07/06/17	MSD	2.20	Reviewing motion material re: 30 Hazelton; reviewing status of issues identified by J. Merryweather; updating email with and call to J. Merryweather; reviewing material re: distributions.
07/06/17	CEF	2.50	Revising motion record re: 30 Hazelton; serving same; emailing B. Zinman re: Weston Rd.; attending calls with J. Merryweather and M. Dunn re: outstanding issues.
07/07/17	MSD	1.30	Reviewing motion material and J. Merryweather analysis re: interim distributions; drafting report re: same.
07/10/17	MSD	2.30	Reviewing material re: distribution; drafting report re: same.
07/11/17	MSD	3.00	Telephone call with S. Roy re: distributions; telephone call with J. Merryweather re: same; reviewing tracing report; reviewing tracing documents sent by G. Moulton in 2015.
07/12/17	MSD	2.80	Reviewing tracing analysis conducted in January 2015; drafting report re: tracing and equity distributions; locating and reviewing documents relevant to same.



Barristers &amp; Solicitors

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333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #689012 -- page 2

Date	TKID	Hours	Description
07/14/17	MSD	2.20	Drafting report re: distributions and other relief; further reviewing tracing documents.
07/17/17	MSD	1.30	Reviewing material relevant to distribution and drafting report; reviewing jurisprudence relevant to distribution proposal.
07/24/17	MSD	1.70	Reviewing material relevant to distribution issue; reviewing material relevant to tax loss sale; drafting report re: same.
07/26/17	MSD	1.50	Drafting report re: distribution; discussions with C. Fox re: tax loss issue; reviewing orders relevant to same.
07/27/17	MSD	3.20	Telephone call with J. Merryweather re: tax losses, claims processes and distributions; reviewing material re: same; drafting report re: distributions.
07/27/17	CEF	1.10	Attending call with J. Merryweather and M. Dunn re: claims process with respect to tax losses; meeting with M. Dunn re: same.
07/28/17	MSD	1.70	Drafting report re: distributions.

**OUR FEE****\$17,572.50**

TKID	NAME	HOURS	RATE	TOTAL
MSD	Dunn, Mark	23.50 hrs	\$675.00	\$15,862.50
CEF	Fox, Carlie	3.80 hrs	\$450.00	\$1,710.00
				\$17,572.50

**DISBURSEMENTS**

Transportation	15.16
Copies	21.00
Meals	36.70

**TOTAL DISBURSEMENTS****\$72.86****TOTAL FEES ON THIS INVOICE****\$17,572.50**



Barristers &amp; Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #689012 -- page 3

HST ON FEES	2,284.43
NON TAXABLE DISBURSEMENTS	0.00
TAXABLE DISBURSEMENTS	72.86
TOTAL DISBURSEMENTS ON THIS INVOICE	\$72.86
HST ON TAXABLE DISBURSEMENT	9.47
<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$19,939.26</b>

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TRUST FUNDS	\$248,477.78
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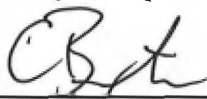
THIS IS OUR ACCOUNT HEREIN  
GOODMANS LLP



E. & O. E.  
BFE /

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This is Exhibit "H" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavits

**Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.**





Barristers &amp; Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

August 31, 2017

Schonfeld Inc.  
3000 North Tower, TD Centre  
77 King St. W.  
PO Box 85  
Toronto, ON  
Canada M5K 1G8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 140074

OUR INVOICE NO. 690255

GST/HST REGISTRATION NO. R119422962

Re: Manager

---

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED  
MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
07/30/17	CEF	.10	Reviewing orders re: Tisdale funds; emailing G. Lauzon re: payment of same.
07/31/17	CEF	.50	Attending to entering order re: 30 Hazelton; correspondence with R. Fisher and J. Merryweather re: United Empire Lands; correspondence with S. Roy.
08/01/17	CEF	.40	Reviewing and revising notarial certificate and affidavit re: release of funds re: 30 Hazelton.
08/02/17	CEF	.20	Finalizing affidavit and notarial certificate for accountant of superior court re: 30 Hazelton; correspondence with S. Roy and J. Merryweather.
08/03/17	MSD	.50	Discussions with C. Fox; drafting report re: distribution.
08/03/17	CEF	.20	Attending call with J. Merryweather; allocating dockets.
08/15/17	MSD	.10	Reviewing Order provided by S. Roy.
08/16/17	CEF	.50	Attending call with commercial list re: scheduling fee allocation motion; emailing service list re: same; correspondence re: payment of Tisdale funds; revising hearing request form.
08/17/17	CEF	.10	Reviewing correspondence from J. Merryweather re: next Manager's report and motion.
08/22/17	MSD	1.80	Telephone call with client re: motion to discharge and other issues; emails



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Bay Adelaide Centre - West Tower  
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Toronto, Ontario M5H 2S7

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Invoice #690255 -- page 2

Date	TKID	Hours	Description
			with counsel for the applicants; telephone call with S. Roy; drafting report.
08/22/17	CEF	3.80	Correspondence with L. Wallach re: payment of Tisdale funds; reviewing draft discharge order; attending call with H. Schonfeld, J. Merryweather and M. Dunn re: discharge motion; drafting report re: same.
08/23/17	MSD	1.30	Emails with S. Roy; discussions with C. Fox; reviewing and revising 49th report; telephone call with J. Merryweather re: issues relevant to report.
08/23/17	CEF	1.60	Emailing C. Yung re: serving motion; attending call with S. Roy and C. Yung re: discharge motion; attending call with M. Dunn and J. Merryweather; reviewing and revising 49th Report of the Manager re: discharge in respect of Weston, Riverdale, and Northern Dancer.
08/24/17	MSD	1.40	Reviewing and revising report; reviewing and providing comments on Notice of Motion; telephone call with client; emails with client and C. Fox.
08/24/17	CEF	4.50	Reviewing and revising 49th report re: discharge of Weston, Riverdale and Northern Dancer; revising hearing request; attending call with H. Schonfeld; J. Merryweather and M. Dunn re: discharge motion; compiling appendices to 49th report; reviewing applicants' notice of motion and draft order.
08/25/17	CEF	.50	Correspondence with Commercial List re: scheduling Manager's motion and judicial conflicts; correspondence with C. Yung re: serving creditors lists.

**OUR FEE****\$9,022.50**

TKID	NAME	HOURS	RATE	TOTAL
MSD	Dunn, Mark	5.10 hrs	\$675.00	\$3,442.50
CEF	Fox, Carlie	12.40 hrs	\$450.00	\$5,580.00
				\$9,022.50

**DISBURSEMENTS**

Copies	317.50
Delivery - Courier	3.30
Process Server	140.00

**TOTAL DISBURSEMENTS****\$460.80**





Barristers &amp; Solicitors

Bay Adelaide Centre - West Tower  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211  
Facsimile: 416.979.1234  
goodmans.ca

Invoice #690255 -- page 3

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TOTAL FEES ON THIS INVOICE	\$9,022.50
HST ON FEES	1,172.93
NON TAXABLE DISBURSEMENTS	0.00
TAXABLE DISBURSEMENTS	460.80
TOTAL DISBURSEMENTS ON THIS INVOICE	\$460.80
HST ON TAXABLE DISBURSEMENT	59.90
<b>TOTAL THIS INVOICE (CANADIAN DOLLARS)</b>	<b>\$10,716.13</b>

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TRUST FUNDS	\$234,367.67
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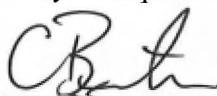
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GOODMANS LLP



E. & O. E.  
BFE /

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This is Exhibit "I" referred to in the  
affidavit of Brian Empey  
sworn before me, this 25<sup>th</sup>  
day of September, 2017.



---

A Commissioner for Taking Affidavit

Christopher Patrick James Baxter, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 14, 2019.

**Goodmans LLP****Billing Summary****File 140074 (Re: Manager) Jan. 1, 2017 - Aug. 31, 2017**

<b>Billing History</b>					
<b>Invoice#</b>	<b>Invoice Date</b>	<b>Fees</b>	<b>Cost</b>	<b>Tax</b>	<b>Total</b>
679089	2/6/2017	5,231.00	40.62	685.31	5,956.93
680628	2/28/2017	10,544.50	21.49	1,373.58	11,939.57
682386	3/30/2017	19,410.00	144.75	2,542.12	22,096.87
684297	4/28/2017	4,392.50	547.07	642.15	5,581.72
685303	5/26/2017	2,881.50	92.00	386.56	3,360.06
687440	6/29/2017	20,432.50	150.00	2,675.73	23,258.23
689012	7/31/2017	17,572.50	72.86	2,293.90	19,939.26
690255	8/31/2017	9,022.50	460.80	1,232.83	10,716.13
<b>Total</b>		<b>\$ 89,487.00</b>	<b>\$ 1,529.59</b>	<b>\$ 11,832.18</b>	<b>\$ 102,848.77</b>

<b>Timekeeper Summary - Billed</b>					
<b>TK ID</b>	<b>Full Name</b>	<b>Position</b>	<b>Bill Hours</b>	<b>Bill Amount</b>	<b>Bill Rate</b>
KEH	Ken Herlin	Partner	1.1	1,045.00	950
BFE	Brian F. Empey	Partner	0.8	740.00	925
MSD	Mark Dunn	Partner	79.9	53,932.50	675
CEF	Carlie Fox	Associate	72.0	32,400.00	450
ACH	Andrew Harmes	Articlg Student	3.1	914.50	295
GLL	Gloria Lauzon	Law Clerk	1.0	455.00	455
<b>Total</b>			<b>157.9</b>	<b>\$ 89,487.00</b>	
<b>Average Billing Rate</b>					<b>\$ 567</b>

**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 Development 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.

- 2 -

25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited
32. 165 Bathurst Inc.

- 3 -

**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

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

**AFFIDAVIT OF BRIAN EMPEY**  
(Sworn September 25, 2017)

**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



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## Schedule B - Use of Funding from 368230 Ontario

	18-Dec-13	3-Jan-14	14-Jan-14	21-Feb-14	12-Mar-14	26-Mar-14	7-Apr-14	22-Apr-14	TOTAL FUNDING	Professional Fee Reallocation	Total Funding and Fees	Interest Allocation	Reallocated Interest	Final Interest Allocation
	\$ 405,000.00	\$ 804,000.00	\$ 143,000.00	\$ 390,000.00	\$ 391,000.00	\$ 26,700.00	\$ 75,000.00	\$ 444,000.00	\$ 2,678,700.00					
Professional Fees	\$ 85,250.27	\$ 246,833.68	\$ -	\$ 298,988.31	\$ 268,748.98	\$ -	\$ -	\$ -	\$ 899,821.24	\$ -	\$ 899,821.24	\$ -		
Bank Fees	\$ 20.00	\$ 1,013.00	\$ 340.00	\$ 18.00	\$ 13.00	\$ 24.50	\$ -	\$ 33.50	\$ 1,462.00		\$ 1,462.00	\$ 102.65	\$ -	\$ -
Ascalon	\$ 1,000.00	\$ 18,500.00	\$ 3,000.00	\$ 1,000.00	\$ 2,000.00	\$ -	\$ 2,000.00	\$ 2,000.00	\$ 29,500.00	\$ 16,540.83	\$ 46,040.83	\$ 2,857.40	\$ 46.04	\$ 2,903.44
Bannockburn	\$ 85,000.00	\$ 2,000.00	\$ 83,500.00	\$ 1,000.00	\$ 2,000.00	\$ -	\$ 2,000.00	\$ 3,000.00	\$ 178,500.00	\$ 19,849.00	\$ 198,349.00	\$ 14,145.88	\$ 227.94	\$ 14,373.82
Cityview	\$ -	\$ 156,400.00	\$ 13,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,900.00	\$ 43,833.21	\$ 213,733.21	\$ 14,949.78	\$ 240.89	\$ 15,190.67
Dewhurst	\$ 18,300.00	\$ -	\$ 5,500.00	\$ 1,000.00	\$ 3,000.00	\$ 6,000.00	\$ 4,000.00	\$ 5,000.00	\$ 42,800.00	\$ 18,194.91	\$ 60,994.91	\$ 3,567.74	\$ 57.49	\$ 3,625.23
Donalda	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,179.13	\$ 42,179.13	\$ 2,440.36	\$ 39.32	\$ 2,479.68
Double Rose	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,833.21	\$ 43,833.21	\$ 2,536.06	\$ 40.86	\$ 2,576.92
Dupont	\$ 50,000.00	\$ 30,000.00	\$ 16,000.00	\$ 21,000.00	\$ 19,000.00	\$ -	\$ 3,000.00	\$ 19,000.00	\$ 158,000.00	\$ 43,833.21	\$ 201,833.21	\$ 12,356.29	\$ 199.10	\$ 12,555.39
Eddystone	\$ 4,500.00	\$ 6,000.00	\$ 11,000.00	\$ 6,000.00	\$ 3,000.00	\$ 8,000.00	\$ 1,000.00	\$ 11,000.00	\$ 50,500.00	\$ 11,578.59	\$ 62,078.59	\$ 3,286.72	\$ 52.96	\$ 3,339.68
Fraser Lands	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,638.29	\$ 25,638.29	\$ 1,483.36	\$ 23.90	\$ 1,507.26
Fraser Properties	\$ -	\$ 61,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,000.00	\$ 27,292.37	\$ 88,292.37	\$ 6,058.83	\$ 97.63	\$ 6,156.46
Global Mills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,330.13	\$ 22,330.13	\$ 1,291.96	\$ 20.82	\$ 1,312.78
Hidden Gem	\$ 2,300.00	\$ 16,500.00	\$ 3,500.00	\$ 2,000.00	\$ -	\$ 26,700.00	\$ 7,000.00	\$ 35,516.76	\$ 93,516.76	\$ 38,043.91	\$ 131,560.67	\$ 6,094.21	\$ 98.20	\$ 6,192.41
Lesliebrook Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,735.75	\$ 34,735.75	\$ 2,009.71	\$ 32.38	\$ 2,042.09
Lesliebrook Lands	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liberty Village Lands	\$ 14,700.00	\$ -	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,700.00	\$ 16,540.83	\$ 33,240.83	\$ 2,275.71	\$ 36.67	\$ 2,312.38
Liberty Village Properties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,427.58	\$ 31,427.58	\$ 1,818.31	\$ 29.30	\$ 1,847.61
Northern Dancer	\$ 1,500.00	\$ 27,000.00	\$ 2,000.00	\$ 1,000.00	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 1,000.00	\$ 34,500.00	\$ 22,330.13	\$ 56,830.13	\$ 3,686.23	\$ 59.40	\$ 3,745.63
Queen's Corner	\$ 18,500.00	\$ 22,000.00	\$ 11,000.00	\$ 3,000.00	\$ 2,000.00	\$ 16,000.00	\$ 1,000.00	\$ 21,000.00	\$ 94,500.00	\$ 27,292.37	\$ 121,792.37	\$ 6,857.97	\$ 110.50	\$ 6,968.47
Red Door Developments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,216.87	\$ 37,216.87	\$ 2,153.26	\$ 34.70	\$ 2,187.96
Red Door Lands	\$ 1,200.00	\$ 6,000.00	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ -	\$ 13,200.00	\$ 36,389.82	\$ 49,589.82	\$ 2,873.33	\$ 46.30	\$ 2,919.63
Richmond Row/165 Bathurst	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,000.00	\$ -	\$ 40,000.00	\$ 68,000.00	\$ 37,216.87	\$ 105,216.87	\$ 4,244.47	\$ 68.39	\$ 4,312.86
Riverdale Mansion	\$ 7,800.00	\$ 21,000.00	\$ 8,000.00	\$ 2,000.00	\$ 2,000.00	\$ 5,000.00	\$ 3,000.00	\$ 11,000.00	\$ 59,800.00	\$ 20,676.05	\$ 80,476.05	\$ 4,676.16	\$ 75.35	\$ 4,751.51
Royal Agincourt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,697.99	\$ 39,697.99	\$ 2,296.81	\$ 37.01	\$ 2,333.82
Royal Gate Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,000.00	\$ 267,000.00	\$ 41,352.08	\$ 308,352.08	\$ 9,343.52	\$ 150.55	\$ 9,494.07
Salmon River Properties	\$ 4,000.00	\$ 1,000.00	\$ 4,000.00	\$ 1,000.00	\$ 2,000.00	\$ -	\$ 3,000.00	\$ 4,000.00	\$ 19,000.00	\$ 6,616.33	\$ 25,616.33	\$ 1,392.31	\$ 22.43	\$ 1,414.74
Skyway	\$ 5,500.00	\$ 23,800.00	\$ 110,000.00	\$ 28,000.00	\$ 33,000.00	\$ 20,000.00	\$ -	\$ 46,000.00	\$ 266,300.00	\$ 32,254.63	\$ 298,554.63	\$ 16,439.59	\$ 264.89	\$ 16,704.48
Tisdale	\$ 1,600.00	\$ 19,100.00	\$ 1,000.00	\$ -	\$ -	\$ -	\$ -	\$ 600.00	\$ 22,300.00	\$ 25,638.29	\$ 47,938.29	\$ 3,098.96	\$ 49.93	\$ 3,148.89
Twin Dragons	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,968.41	\$ 47,968.41	\$ 2,775.31	\$ 44.72	\$ 2,820.03
West Mall	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,525.04	\$ 40,525.04	\$ 2,344.66	\$ 37.78	\$ 2,382.44
Weston Lands	\$ 54,500.00	\$ 25,000.00	\$ 4,500.00	\$ -	\$ -	\$ 4,000.00	\$ 1,000.00	\$ 15,000.00	\$ 104,000.00	\$ 20,676.05	\$ 124,676.05	\$ 8,293.86	\$ 133.64	\$ 8,427.50
Wynford	\$ 1,900.00	\$ 17,500.00	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 4,000.00	\$ 5,000.00	\$ 28,400.00	\$ 56,519.36	\$ 84,919.36	\$ 3,407.49	\$ 54.91	\$ 3,462.40
Balance not yet used (prior)	\$ 47,429.73	\$ 103,353.32	\$ 136,840.00	\$ 13,993.69	\$ 63,238.02	\$ 87,024.50	\$ 38,000.00	\$ 42,150.26	\$ -	\$ -	\$ -	\$ 2,331.35	\$ -	\$ -
	\$ 405,000.00	\$ 804,000.00	\$ 143,000.00	\$ 390,000.00	\$ 391,000.00	\$ 26,700.00	\$ 75,000.00	\$ 444,000.00	\$ 2,678,700.00	\$ 0.00	\$ 2,678,700.00	\$ 153,490.25	\$ -	\$ 153,490.25

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## Professional Fee Allocation Analysis

Ability of each company to reimburse for allocated professional costs for January 1, 2016 to August 31, 2017

Company	Allocated Fees			Reimbursed to Date	Funds	
	Jan-Dec 2016	Jan-Aug 2017	Total		Available for Reimbursement	Shortfall
SCHEDULE B COMPANIES						
Ascalon	13,349.53	6,100.88	19,450.41	10,800.00	0.00	8,650.41
Bannockburn	10,202.04	490.06	10,692.10	10,202.04	490.06	0.00
Cityview	24,346.80	7,515.52	31,862.32	17,700.00	0.00	14,162.32
Dewhurst	14,193.18	6,151.73	20,344.91	0.00	0.00	20,344.91
Donalda	1,839.31	0.00	1,839.31	0.00	0.00	1,839.31
Double Rose	13,324.22	6,355.13	19,679.35	4,100.00	0.00	15,579.35
Dupont	33,499.76	16,581.73	50,081.49	33,499.76	11,000.00	5,581.73
Eddystone	24,912.27	10,397.30	35,309.57	24,912.27	0.00	10,397.30
Fraser Lands	15,323.57	9,116.67	24,440.24	4,000.00	0.00	20,440.24
Fraser Properties	17,326.25	11,368.12	28,694.37	0.00	0.00	28,694.37
Global Mills	4,267.80	5,339.70	9,607.50	0.00	0.00	9,607.50
Hidden Gem	9,095.87	1,430.07	10,525.94	0.00	0.00	10,525.94
Lesliebrook Holdings	13,236.93	7,162.98	20,399.91	13,236.93	7,162.98	0.00
Lesliebrook Lands	14,127.18	6,069.71	20,196.89	10,300.00	0.00	9,896.89
Liberty Village Lands	15,930.80	6,196.83	22,127.63	7,100.00	0.00	15,027.63
Liberty Village Properties	13,830.61	2,261.33	16,091.94	13,830.61	0.00	2,261.33
Northern Dancer	25,739.02	13,282.28	39,021.30	18,000.00	0.00	21,021.30
Queen's Corner	43,742.75	10,835.55	54,578.30	43,742.75	10,835.55	0.00
Red Door Developments	15,068.96	7,854.89	22,923.85	1,900.00	0.00	21,023.85
Red Door Lands	14,643.69	5,262.95	19,906.64	1,700.00	0.00	18,206.64
Richmond Row/165 Bathurst	11,167.77	2,500.33	13,668.10	11,167.77	2,000.00	500.33
Riverdale Mansion	22,477.29	14,631.35	37,108.64	22,477.29	0.00	14,631.35
Royal Agincourt	16,493.56	6,550.11	23,043.67	16,493.56	6,550.11	0.00
Royal Gate Holdings	15,750.18	6,677.23	22,427.42	15,750.18	6,677.24	0.00
Salmon River Properties	15,137.23	5,758.86	20,896.09	0.00	0.00	20,896.09
Skyway	15,062.34	6,175.09	21,237.43	2,600.00	0.00	18,637.43
Tisdale	15,261.33	21,293.64	36,554.97	15,261.33	21,293.64	0.00
Twin Dragons	16,514.50	7,090.39	23,604.89	16,514.50	7,090.39	0.00
West Mall	9,334.68	4,935.45	14,270.13	0.00	0.00	14,270.13
Weston Lands	23,144.68	16,993.99	40,138.67	23,144.68	2,000.00	14,993.99
Wynford	5,876.71	4,591.38	10,468.09	0.00	0.00	10,468.09
Total Schedule B	504,220.83	236,971.24	741,192.08	338,433.67	75,099.97	327,658.44
SCHEDULE C PROPERTIES						
44 Park Lane Circle	9,274.45	0.00	9,274.45	8,000.00	0.00	1,274.45
777 St. Clarens	16,118.00	7,352.90	23,470.91	16,118.00	7,352.91	0.00
260 Emerson	15,662.15	7,339.23	23,001.38	15,662.15	7,339.23	0.00
66 Gerrard	13,245.04	8,581.78	21,826.82	13,245.04	8,581.78	0.00
324 Prince Edward	11,865.35	10,296.56	22,161.91	11,865.35	10,296.56	0.00
1 William Morgan	12,166.46	4,019.92	16,186.38	0.00	0.00	16,186.38
3270 American Drive	16,483.26	11,438.22	27,921.47	16,483.25	11,438.22	0.00
321 Carlaw	12,455.66	7,101.92	19,557.58	4,811.48	0.00	14,746.10
346 Jarvis, Unit A.	16,488.59	5,166.89	21,655.48	16,488.59	5,166.89	0.00
346 Jarvis, Unit B	16,488.59	5,166.89	21,655.48	16,488.59	5,166.89	0.00
346 Jarvis, Unit E	0.00	0.00	0.00	0.00	0.00	0.00
346 Jarvis, Unit F	254.25	0.00	254.25	254.25	(0.00)	0.00
2454 Bayview	4,232.56	1,948.09	6,180.65	0.00	0.00	6,180.65
30 Hazelton	19,065.56	13,756.31	32,821.86	19,065.56	13,756.30	0.00
30A Hazelton	16,506.62	9,634.88	26,141.50	16,506.62	9,634.88	0.00
24 Cecil	12,450.64	7,797.84	20,248.48	12,450.64	7,797.84	0.00
2 Kelvin	19,044.15	10,103.03	29,147.18	19,044.15	10,103.03	0.00
0 Luttrell	12,659.06	7,864.67	20,523.73	12,659.06	7,864.67	0.00
Total Schedule C	224,460.40	117,569.13	342,029.53	199,142.73	104,499.21	38,387.59
Total Fee Allocation	728,681.23	354,540.37	1,083,221.60	537,576.40	179,599.18	366,046.02

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## Professional Fee Allocation Analysis

Ability of each company to reimburse funding for November 5, 2013 to August 31, 2017

Company	Funding Provided			Reimbursed to Date	Funds	
	Nov'13-Nov'14	Dec'14-Aug'17	Total		Available for Reimbursement	Shortfall
SCHEDULE B COMPANIES						
Ascalon	35,500.00	8,000.00	43,500.00	43,500.00	0.00	0.00
Bannockburn	178,500.00	50.00	178,550.00	178,550.00	0.00	0.00
Cityview	171,900.00	6,500.00	178,400.00	178,400.00	0.00	0.00
Dewhurst	54,800.00	1,000.00	55,800.00	15,300.00	3,000.00	37,500.00
Donalda	0.00	0.00	0.00	0.00	0.00	0.00
Double Rose	170,000.00	200.00	170,200.00	170,200.00	0.00	0.00
Dupont	215,000.00	4,000.00	219,000.00	219,000.00	0.00	0.00
Eddystone	78,500.00	1,000.00	79,500.00	79,500.00	0.00	0.00
Fraser Lands	0.00	0.00	0.00	0.00	0.00	0.00
Fraser Properties	61,000.00	0.00	61,000.00	12,000.00	0.00	49,000.00
Global Mills	0.00	0.00	0.00	0.00	0.00	0.00
Hidden Gem	0.00	50.00	50.00	0.00	0.00	50.00
Lesliebrook Holdings	0.00	0.00	0.00	0.00	0.00	0.00
Lesliebrook Lands	0.00	0.00	0.00	0.00	0.00	0.00
Liberty Village Lands	17,700.00	0.00	17,700.00	17,700.00	0.00	0.00
Liberty Village Properties	0.00	0.00	0.00	0.00	0.00	0.00
Northern Dancer	39,500.00	8,000.00	47,500.00	47,500.00	0.00	0.00
Queen's Corner	126,500.00	1,100.00	127,600.00	127,600.00	0.00	0.00
Red Door Developments	11,000.00	1,000.00	12,000.00	12,000.00	0.00	0.00
Red Door Lands	25,200.00	0.00	25,200.00	25,200.00	0.00	0.00
Richmond Row/165 Bathurst	0.00	0.00	0.00	0.00	0.00	0.00
Riverdale Mansion	66,800.00	2,000.00	68,800.00	68,800.00	0.00	0.00
Royal Agincourt	0.00	0.00	0.00	0.00	0.00	0.00
Royal Gate Holdings	0.00	0.00	0.00	0.00	0.00	0.00
Salmon River Properties	25,000.00	1,050.00	26,050.00	7,500.00	0.00	18,550.00
Skyway	144,000.00	0.00	144,000.00	144,000.00	0.00	0.00
Tisdale	0.00	0.00	0.00	0.00	0.00	0.00
Twin Dragons	0.00	0.00	0.00	0.00	0.00	0.00
West Mall	0.00	0.00	0.00	0.00	0.00	0.00
Weston Lands	153,000.00	18,500.00	171,500.00	171,500.00	0.00	0.00
Wynford	38,400.00	3,500.00	41,900.00	0.00	0.00	41,900.00
Total Schedule B	1,612,300.00	55,950.00	1,668,250.00	1,518,250.00	3,000.00	147,000.00
SCHEDULE C PROPERTIES						
44 Park Lane Circle	0.00	27,450.00	27,450.00	27,450.00	0.00	0.00
777 St. Clarens	1,330.49	0.00	1,330.49	1,330.49	0.00	0.00
260 Emerson	570.21	0.00	570.21	570.21	0.00	0.00
66 Gerrard	3,674.02	0.00	3,674.02	3,674.02	0.00	0.00
324 Prince Edward	2,227.01	0.00	2,227.01	2,227.01	0.00	0.00
1 William Morgan	2,645.36	1,500.00	4,145.36	0.00	0.00	4,145.36
3270 American Drive	3,540.09	0.00	3,540.09	3,540.09	0.00	0.00
321 Carlaw	338.52	300.00	638.52	638.52	0.00	0.00
346 Jarvis, Unit A.	2,736.97	0.00	2,736.97	2,736.97	0.00	0.00
346 Jarvis, Unit B	2,736.97	0.00	2,736.97	2,736.97	0.00	0.00
346 Jarvis, Unit E	2,736.97	0.00	2,736.97	0.00	0.00	2,736.97
346 Jarvis, Unit F	2,736.97	0.00	2,736.97	2,736.97	0.00	0.00
2454 Bayview	3,557.98	1,750.00	5,307.98	0.00	0.00	5,307.98
30 Hazelton	0.00	0.00	0.00	0.00	0.00	0.00
30A Hazelton	0.00	0.00	0.00	0.00	0.00	0.00
24 Cecil	2,312.07	0.00	2,312.07	2,312.07	0.00	0.00
2 Kelvin	3,433.65	0.00	3,433.65	3,433.65	0.00	0.00
0 Luttrell	119.97	100.00	219.97	219.97	0.00	0.00
Total Schedule C	34,697.25	31,100.00	65,797.25	53,606.94	0.00	12,190.31
Total Fee Allocation	1,646,997.25	87,050.00	1,734,047.25	1,571,856.94	3,000.00	159,190.31

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## Proposed Distribution as of September 30, 2017

	Companies with Prior Distributions under the January 27, 2015 Order						Companies with no Prior Distribution				
	Lesliebrook Holdings		Royal Agincourt		Royal Gate		Tisdale Mews		Twin Dragons		TOTAL
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
<b>Funds on hand at Nov. 30, 2014</b>	525,000.00	525,000.00	686,369.23	686,369.23	2,961,673.75	2,961,673.75	987,054.76	987,054.76	900,000.00	900,000.00	
professional fees to Nov. 30, 2014	(100,000.00)	(122,095.54)	(100,000.00)	(139,014.95)	(200,000.00)	(180,854.18)	(100,000.00)	(96,835.66)	(200,000.00)	(155,341.78)	
paid under claims process	(70,995.43)	(70,915.20)	(32,000.81)	(25,644.47)	(308,479.13)	(297,618.96)	(138,392.83)	(134,744.62)	(619,229.19)	(66,457.96)	
(1) corporate income taxes	(164,000.00)	(13,658.10)	(282,000.00)	(11,344.33)	(354,000.00)	0.00	(132,000.00)	0.00	(161,000.00)	0.00	
reserved for mortgages			(161,369.23)	(161,369.23)			(287,054.76)	(75,000.00)			
Funds available for distribution	190,004.57	318,331.16	110,999.19	348,996.25	2,099,194.62	2,483,200.61	329,607.17	680,474.48	(80,229.19)	678,200.26	
	98.0%	98.0%	73.2%	73.2%	97.6%	97.6%	0.0%	50.0%	0.0%	75.0%	
Distribution to Applicants	186,200.00	312,000.00	80,520.00	255,500.00	2,049,600.00	2,423,600.00	0.00	340,200.00	0.00	508,700.00	
<b>Additional Funds to Distribute to Applicants (to Nov. 30, 2014)</b>	<b>125,800.00</b>	<b>125,800.00</b>	<b>175,000.00</b>	<b>175,000.00</b>	<b>374,000.00</b>	<b>374,000.00</b>	<b>340,200.00</b>	<b>340,200.00</b>	<b>508,700.00</b>	<b>508,700.00</b>	<b>1,523,700.00</b>
<b>Activity - post November 30, 2014</b>											
(2) Reimbursement of funds advanced to Manager		75,000.00		75,000.00		240,750.18		340,261.33		666,514.50	
(3) GST refunds		69,707.37		71,164.10		88,746.44		36,960.20		134,900.79	
interest on GICs		10,904.31		18,150.29		45,211.33		29,080.83		45,773.10	
vacant unit realty tax rebates		4,609.56		30,960.14		0.00		0.00		0.00	
net operating cashflow		16,802.77		45,572.59		84,408.38		19,483.20		27,496.50	
paid to mortgagee, per June 2017 Order								(14,136.98)			
(4) professional fees - Dec 2014 to Dec 2015		(41,996.14)		(39,368.78)		(41,338.03)		(27,499.13)		(88,136.70)	
(4) professional fees - Jan 2016 to Dec 2016		(13,236.93)		(16,493.56)		(15,750.18)		(15,261.33)		(16,514.50)	
(5) professional fees - Jan to Aug 2017 (proposed)		(72,694.67)		(72,081.80)		(72,208.92)		(86,825.33)		(72,622.08)	
(6) interest to be allocated (proposed)		(2,042.09)		(2,333.82)		(9,494.07)		(3,148.89)		(2,820.03)	
reserve for professional fees - Sep 2017 onward		(50,000.00)		(50,000.00)		(50,000.00)		(50,000.00)		(50,000.00)	
Potential Funds Available for Distribution		(2,945.82)		60,569.16		270,325.13		228,913.90		644,591.58	
		98.0%		73.2%		97.6%		50.0%		75.0%	
<b>Potential Funds to Distribute to Applicants (post Nov. 30, 2014)</b>		<b>(2,900.00)</b>		<b>44,300.00</b>		<b>263,800.00</b>		<b>114,500.00</b>		<b>483,400.00</b>	<b>903,100.00</b>
<b>Total Potential Distribution to Applicants as Shareholder</b>		<b>122,900.00</b>		<b>219,300.00</b>		<b>637,800.00</b>		<b>454,700.00</b>		<b>992,100.00</b>	<b>2,426,800.00</b>
<b>Total Potential Distribution to Applicants as Creditor</b>		<b>2,500.00</b>		<b>80,300.00</b>		<b>15,700.00</b>		<b>454,700.00</b>			<b>553,200.00</b>
<b>Grand Total Potential Distribution to Applicants</b>		<b>125,400.00</b>		<b>299,600.00</b>		<b>653,500.00</b>		<b>909,400.00</b>		<b>992,100.00</b>	<b>2,980,000.00</b>

## Notes:

- (1) Corporate tax returns for 2012-2016 were filed after November 2014 and estimated tax liabilities were reduced by carrying back losses in subsequent years.
- (2) Fee allocation approval resulted in other companies reimbursing the Manager for professional fees that were previously paid by advances from companies with surplus funds.
- (3) GST refunds were received after filing of the outstanding corporate income tax returns
- (4) professional fees were allocated and approved by the Court and paid by the respective companies
- (5) professional fees to be allocated and reimbursed to the Manager, as proposed in the 50th Report
- (6) interest paid on Applicant funding, as proposed in the 50th Report

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

**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

**SECOND SUPPLEMENTAL REPORT TO THE TWENTY-SECOND REPORT OF THE  
MANAGER, SCHONFELD INC.**

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## **I. Introduction**

1. This is the Second Supplemental Report to the 22<sup>nd</sup> Report of Schonfeld Inc. (the “**Manager**”) in its capacity as Manager of certain companies listed at Schedule “B” to the Order of Justice Newbould dated November 5, 2013 (the “**Companies**”)<sup>1</sup>, together with the properties owned by the Companies (the “**Properties**”)<sup>2</sup> and as manager/receiver of the Properties listed at Schedule “C” to the Order of Justice Brown dated August 12, 2014.

### **A. Purpose of this Report**

2. The purpose of this Supplemental Report is to provide further information relevant to the Manager’s motion as described in the 22<sup>nd</sup> Report.

### **B. Terms of reference**

3. Based on its review and interaction with the parties to date, nothing has come to the Manager’s attention that would cause it to question the reasonableness of the information presented herein. However, the Manager has not audited, or otherwise attempted to independently verify, the accuracy or completeness of any financial information of the Companies. The Manager therefore expresses no opinion or other form of assurance in respect of any of the Companies’ financial information that may be in this Report.

4. Capitalized terms not otherwise defined have the meaning ascribed to them in the Manager’s 22<sup>nd</sup> Report.

### **C. Proposed Distribution to Creditors**

5. In the 22<sup>nd</sup> Report, the Manager recommended distributions to creditors having approved claims against certain Companies. The Manager has completed two further claims processes and is now in a position to recommend a further distribution to creditors having approved claims against Skyway Holdings Ltd. (“**Skyway**”) and Richmond Row Holdings Ltd. (“**Richmond**”

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<sup>1</sup> Schedule “B” was amended by Order dated January 16, 2014.

<sup>2</sup> The Manager was discharged from certain responsibilities with respect to certain of the Properties pursuant to an Order dated April 1, 2014.

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**Row**”). The approved claims in respect of Skyway and Richmond Row are listed in Appendix A.

6. The Manager is holding sufficient proceeds in trust to pay all of Skyway’s creditors in full. Payment to creditors of Richmond Row is complicated by the fact that Richmond Row’s books and records show an outstanding shareholder loan from the Applicants (collectively, **“Bernstein”**). Pursuant to the Claims Procedure Order, Bernstein’s claims are outside the scope of the Manager’s claims process. However, if Bernstein’s shareholder loan to Richmond Row is entitled to rank *pari passu* with the other creditors of Richmond Row then each creditor will not recover the full value of its approved claim. As discussed below, the Manager recommends that this issue be addressed by converting Bernstein’s shareholder loan into shares of Richmond Row.

**D. Proposed conversion of Richmond Row shareholder debt to equity**

7. As noted above, the agreement between Bernstein and the Respondents (collectively, the **“Waltons”**) in respect of Richmond Row provided that Bernstein and the Waltons would provide funding in the form of shareholder loans. Bernstein advanced a total of \$3,849,900 to Richmond Row in accordance with this agreement. The Manager has accepted a further \$143,111.27 worth of claims from other creditors.

8. Bernstein has asked that their shareholder loan to Richmond Row be converted into equity. For the reasons described below, the Manager is of the view that Bernstein’s request will benefit all stakeholders and should be granted.

9. The Manager’s primary reason for supporting the debt to equity conversion proposed by Bernstein’s request is that it will permit the payment in full of all of the claims that have been proven in respect of Richmond Row. If all other creditors are paid in full and the balance of the sale proceeds are paid as an equity distribution then Bernstein’s recovery will be decreased but, if shares in Richmond Row are re-distributed in accordance with Bernstein’s and the Waltons’ financial contributions in accordance with the August 12 Order then Bernstein may be able to use the tax losses suffered by Richmond Row to offset other income.<sup>3</sup> Thus, both Bernstein and

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<sup>3</sup> The Manager has not investigated how such losses will be treated by the CRA, but Bernstein is of the view that the proposed conversion will have beneficial tax consequences.

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other creditors will benefit from the proposed conversion. The Manager is not aware of any stakeholder that will be adversely affected by that conversion.

#### **E. Proposed Interim Equity Distribution**

10. As noted in the 22<sup>nd</sup> Report, and further described in the Supplemental Report, the Manager has recommended a distribution from seven Schedule “B” Companies (the “**Interim Distribution Companies**”). Each of these Companies owned a Property that was sold for an amount that was greater than the amount found to be owed to mortgagee(s), secured creditors and unsecured creditors. Accordingly, the Manager has recommended an interim equity distribution to the shareholders of each of the Interim Distribution Companies.

11. Each of the Companies is governed by an agreement (each, an “**Agreement**”) between Bernstein and the Waltons. As noted in the 22<sup>nd</sup> Report, the August 12 Order required that the Waltons’ shareholdings be recalculated in accordance with the Agreements, that the Waltons were only to be entitled to the shares that they had paid for and that the balance of the Waltons’ shares were to be cancelled. The Manager’s analysis of the Waltons’ contribution to the Interim Distribution Companies is set out below.

12. The Manager began its assessment of the Waltons’ contributions by reviewing the books and records of the Interim Distribution Companies to identify either expenses borne on behalf of, or equity contributions to, the Interim Distribution Companies by the Waltons or Rose & Thistle Group Ltd. (“**Rose & Thistle**”). Most or all of the Waltons’ contributions were made in the form of expenses paid from the Rose & Thistle’s bank account (the “**Rose & Thistle Account**”). For the purposes of its initial analysis, which is summarized in the chart below, the Manager counted any payment to or on behalf of an Interim Distribution Company from the Rose & Thistle Account as a “**Recorded Contribution**” unless the funds used to make the payment were provided directly by Bernstein. In other words, if Rose & Thistle paid a deposit for a Property, the deposit was treated as a Recorded Contribution unless Bernstein provided the funds for that deposit directly to Rose & Thistle. In addition, the Recorded Contributions are net of shareholder distributions. These distributions were accounted for as “return of capital” and the Manager has, for the purpose of its analysis, assumed that each dollar “returned” to a shareholder reduced the number of shares owned by the shareholder by \$1.



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<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution<sup>4</sup></b>	<b>Walton Percentage</b>
Donalda Developments Ltd.	13,308,000.00	100.0%	100.00	0.0%
Hidden Gem Development Inc.	1,166,150.00	93.8%	77,600.00	6.2%
Lesliebrook Holdings Ltd.	1,212,828.00	98.0%	25,100.00	2.0%
Liberty Village Properties Ltd.	1,980,059.00	97.5%	50,100.00	2.5%
Royal Agincourt Corp.	2,334,208.00	73.2%	454,500.00	26.8%
Royal Gate Holdings Ltd.	4,962,957.00	97.6%	120,100.00	2.4%
Tisdale Mews Inc.	1,480,000.00	100%	\$0	0%
Skyway Holdings Ltd.	752,650.00	88.3%	100,100.00	11.7%

13. Quantification of Bernstein's and the Waltons' investments in the Schedule "B" Companies is complicated by the fact that, as is discussed at length in Justice Brown's Reasons For Decision dated August 12, 2014 (the "**August 12 Reasons**"), equity invested by Bernstein in the Schedule "B" Companies was routinely diverted by the Waltons to other Schedule "B" Companies, Schedule "C" Companies and themselves. As a result, payments recorded on the books and records of the Schedule "B" Companies as equity investments made by the Waltons may have been funded by equity investments made by Bernstein in another Schedule "B" Company or other sources. In such cases, funds were transferred to the Rose & Thistle Account and then either transferred to the relevant Company or used to fund expenses directly.

14. In light of the foregoing, the Manager conducted an investigation of the source of the funds used to make the Recorded Contributions. That analysis is described below.

15. The Manager notes that the accuracy with which a specific dollar contributed by Bernstein can be matched to a specific use depends primarily on the opening balance and the level of activity in the Rose & Thistle Account when the funds were transferred. When funds contributed to a Company were transferred into the Rose & Thistle Account, funds were also transferred into and/or out of the Rose & Thistle Account by or to other Companies or Walton

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<sup>4</sup> The Recorded Contribution and Walton Percentage provided in this Chart is before adjustments required based on the Manager's tracing analysis.

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Companies. In such cases, it is possible to trace funds out of the Rose & Thistle Account into accounts held by the Schedule “B” Companies or the Schedule “C” Companies but it is not possible to match exactly the funds transferred out of the Rose & Thistle Account to the funds transferred as the funds have been comingled in the Rose & Thistle Account.

16. The tracing analysis described below also must be understood in the context of the findings of Justice Brown in his August 12 Reasons at paragraph 39 as follows:

- (a) The Waltons directed the transfer of \$23.6 million (net) from the Schedule “B” Company Accounts to a bank account belonging to Rose & Thistle during the period from October 2010 to October 2013;
- (b) During the same period, the Waltons directed transfers of \$25.4 million (net) from the Rose & Thistle Account to companies that they owned without Bernstein– the Schedule “C” Companies; and,
- (c) In almost all cases, some or all of the amounts advanced to the Schedule “B” Companies by Bernstein were transferred almost immediately to the Rose & Thistle Account.

17. Since funds provided by Bernstein to fund the Schedule “B” Companies were constantly circulating through the Rose & Thistle Account, accounts relating to the Schedule “C” Companies and the Waltons’ accounts, it is not possible to say for certain that any of the Recorded Contributions were made using the Waltons’ own funds.

**F. Hidden Gem Development Inc. (“Hidden Gem”)**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Hidden Gem Development Inc.	1,166,150.00	93.8%	77,600.00	6.2%

18. The Recorded Contributions of \$77,600 to Hidden Gem are comprised of certain deposits paid from the Rose & Thistle Account in respect of the Property owned by Hidden Gem (\$200,000), less the funds provided by Bernstein to Rose & Thistle to fund these deposits (\$122,500).

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19. According to the Agreement dated January 11, 2012 between Bernstein and the Waltons, the Waltons and Bernstein had each provided \$122,500 (total \$245,000) to cover due diligence costs and deposits associated with the purchase of the Hidden Gem Property. This is not consistent with Hidden Gem's books and records, which shows only \$200,000 worth of deposits.

20. Moreover, as described below, some or all of the Recorded Contributions appear to have been funded by equity contributions by Bernstein to Hidden Gem and other Companies which were transferred to Rose & Thistle and then used to fund the deposits described above.

21. On December 29, 2011, a cheque in the amount of \$50,000 was issued from the Rose & Thistle Account to Metropolitan Commercial Realty. The opening balance in the Rose & Thistle Account on December 29, 2011 was \$44,229. An amount of \$187,500 was deposited to the account from the following:

368230 Ontario Limited equity advance for Ascalon Lands Ltd. ("Ascalon")	\$65,000	
368230 Ontario Limited equity advance for Hidden Gem	122,500	(1/2 of \$245,000)
	<u>\$187,500</u>	

22. Therefore, the \$50,000 cheque to Metropolitan Commercial Realty was partially or completely funded by equity funds advanced by Bernstein for Ascalon and Hidden Gem.

23. On January 31, 2012, a cheque in the amount of \$150,000 was issued from the account of Hidden Gem payable to Metropolitan Commercial Realty. The cheque was funded by a transfer into the Hidden Gem account on January 30, 2012 in the amount of \$150,000 from the Rose & Thistle Account.

24. The opening balance in the Rose & Thistle Account on January 30, 2012 was \$5,613. A transfer in the amount of \$285,100 was deposited from Ascalon, which was sourced from an equity advance from Bernstein to Ascalon on January 25, 2012. Therefore, the \$150,000 cheque to Metropolitan Commercial Realty was funded by equity funds advanced by Bernstein to Ascalon which were transferred to Rose & Thistle.

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**G. Lesliebrook Holdings Ltd. ("Lesliebrook")**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Lesliebrook Holdings Ltd.	1,212,828.00	98.0%	25,100.00	2.0%

25. The Agreement relating to Lesliebrook indicated that Bernstein was to provide the \$200,000 deposit for the purchase of 1131A Leslie (the "**Lesliebrook Property**") and that the Waltons had paid for the due diligence costs including all pre-purchase reports, mortgage placement fees and lender's legal fees totalling \$100,000 prior to the date of the Agreement and would fund a further \$100,000 for a total of \$200,000 in Recorded Contributions.

26. On February 21, 2012, a cheque from 368230 Ontario Limited ("**368 Limited**", a company controlled by Bernstein) in the amount of \$200,000 was deposited to the Rose & Thistle Account. Prior to this deposit, the balance in the account was \$10,609. The balance in the account following this deposit was \$210,609. On March 1, 2012, a cheque to CBRE for the deposit in respect of Lesliebrook in the amount of \$200,000 cleared the Rose & Thistle Account.

27. The only due diligence cost shown on Lesliebrook's books and records is a \$25,000 mortgage fee paid to IMC LP by Rose & Thistle on April 5, 2012. Significant funds were transferred into the Rose & Thistle Account from both Schedule "B" Companies and Schedule "C" Companies on and immediately before April 5, 2012. The transfers from Schedule "B" Companies significantly exceed those from Schedule "C" Companies. Accordingly, it is likely that the \$25,000 payment was funded in whole or in part using funds invested by Bernstein in the Schedule "B" Companies.

28. The Manager notes that Lesliebrook's minute book, together with correspondence between Ms. Walton and her employees, indicates that there were 10 preferred shareholders in Lesliebrook but that the shares held by these shareholders were cancelled and replaced with shares in Rose & Thistle. The Manager has not been able to locate original share certificates or confirmation from the relevant shareholders that these shares were cancelled and replaced. The relevant share certificates and correspondence are attached as Appendix B.

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**H. Liberty Village Properties Ltd. ("Liberty Village")**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Liberty Village Properties Ltd.	1,980,059.00	97.5%	50,100.00	2.5%

29. According to the agreement between Bernstein and the Waltons dated August 19, 2011 with respect to Liberty Village Properties Ltd. (the "**Agreement**"), the Waltons provided the original deposit and Bernstein reimbursed the Waltons such that each party had provided 1/2 of the \$300,000 deposit to purchase the property which amount was to form part of the equity contribution. According to the Statement of Adjustments with respect to the purchase of this Property, attached as Appendix C, Liberty Village only paid deposits totalling \$200,000. In other words, the Agreement overstated the deposits paid by Walton by \$100,000.

30. Liberty Village's books and records shows Recorded Contributions totalling \$50,000. These contributions represent the Waltons' share of a deposit cheque written from the Rose & Thistle Account dated December 24, 2010.

31. A cheque was issued from Rose & Thistle dated December 24, 2010 in the amount of \$100,000 payable to Borden Ladner Gervais for deposit on the Liberty Village property. The opening balance in the Rose & Thistle Account on December 24, 2010 was \$66,017.35. The following transfers of funds into the account occurred:

From N. Walton	\$44,500
From Front Church	11,200
From Urban Amish	5,200

32. Thus, the Recorded Contribution of \$50,000 appears to be funded by Schedule "C" Companies and from Norma Walton's personal account. However, as noted above, given the consistent pattern of net transfers from the Schedule "B" Companies to the Schedule "C" Companies, it is not possible to determine the ultimate source of these funds.

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33. Another cheque was issued from Rose & Thistle dated February 18, 2011 in the amount of \$100,000 payable to Borden Ladner Gervais. The opening balance in the Rose & Thistle Account on February 18, 2011 was \$20,447. On February 18, 2011, an amount \$1,200,000 was transferred from MTCC No 1037 to Rose & Thistle. MTCC No. 1037 is the condominium corporation incorporated to manage the property at 18 Wynford Drive. As described in the Manager's Second Report, which is attached as Appendix D, the Waltons' transferred the condominium corporation's reserve fund to Rose & Thistle in early 2011. It appears that these funds were used to pay the second deposit relating to Liberty Village.

**I. Royal Agincourt Corporation ("RAC")**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Royal Agincourt Corp.	2,334,208.00	73.2%	454,500.00	26.8%

34. The Manager's preliminary analysis shows Recorded Contributions relating to RAC totalling \$454,500, which is comprised of transfers into RAC from Rose & Thistle totalling \$854,500 to fund deposits less \$400,000 paid by Bernstein to re-imburse Rose & Thistle for half of these deposits. As is described below, the deposits apparently funded by Rose & Thistle were in fact funded through the transfer of funds from other Schedule "B" Companies and (other investors)<sup>5</sup>, to a lesser extent, Schedule "C" Companies.

**a. September 9, 2011 Deposit**

35. On September 9, 2011, a cheque was issued by Rose & Thistle in the amount of \$200,000 to Bennett Jones in Trust.

36. This cheque (and several other cheques and transfers) was funded from transfers into the Rose & Thistle Account as follows:

From Twin Dragons	\$109,600
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<sup>5</sup> These investors appear to have been preferred shareholders in RAC, each of whom subsequently exchanged their shares in RAC for shares in Rose & Thistle or in other companies controlled by the Waltons. Documents relating to the surrender of the shares are attached at Appendix E.

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From Wynford	14,200
From Riverdale	313,900

37. On the same day, Bernstein (368230 Ontario Ltd.) had advanced mortgage funds as follows:

Riverdale	\$313,958
Twin Dragons	\$97,839

38. Therefore, mortgage funds provided by Bernstein to Riverdale and Twin Dragon were transferred to Rose & Thistle and used, in part, to fund the Rose & Thistle cheque to Bennett Jones in Trust.

**b. October 12, 2011 Deposit**

39. On October 12, 2011, a cheque was issued by Rose & Thistle in the amount of \$300,000 to Bennett Jones in Trust.

40. On October 11, 2011, the opening balance in the Rose & Thistle Account was \$75,155. The following transfers from both Schedule "B" and Schedule "C" Companies into the account occurred as follows:

**From Schedule B Companies**

Liberty Village	\$107,400
Bannockburn	27,200
Wynford	182,500
	<u>\$317,100</u>

**From Schedule C Companies**

Ye Old Telegram Bldg	\$77,900
Highland Creek	29,800
Plexor Plastics	550
	<u>\$108,250</u>

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41. On October 6, 2011, \$890,194 was deposited in the account of Liberty Village Properties from a mortgage advance from 368 Limited. The transfer of \$107,400 from Liberty Village to Rose & Thistle was funded from the deposit of the mortgage funds.

42. On October 11, 2011, \$177,300 was deposited in the account of Wynford from a mortgage advance from 368 Limited.

43. Therefore, mortgage funds provided by Bernstein to Liberty Village and Wynford were transferred to Rose & Thistle and used to fund the cheque to Bennett Jones in Trust.

**c. November 9, 2011 Deposit**

44. On November 9, 2011, a cheque was issued from Rose & Thistle in the amount of \$300,000 to Bennett Jones in Trust.

45. On November 8, 2011, the opening balance in the Rose & Thistle Account was \$133,132. An amount of \$488,950 was deposited to the Rose & Thistle Account, which was a transfer from the Liberty Village Properties account. An amount of \$488,966 had been deposited to the Liberty Village Properties account from a mortgage advance from 368230 Ontario Limited.

46. Therefore, mortgage funds provided by Bernstein to Liberty Village were transferred to Rose & Thistle and used to fund the cheque to Bennett Jones in Trust.

**J. Royal Gate Holdings Ltd. ("Royal Gate")**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Royal Gate Holdings Ltd.	4,962,957.00	97.6%	120,100.00	2.4%

47. According to the Agreement between Bernstein and the Waltons dated March 14, 2013, Walton had paid the deposits and due diligence and severance costs in the amount of \$1,322,500 and Bernstein had provided the sum of \$1,500,000, and these amounts were to form part of each of their equity contributions.

48. The Manager's initial analysis identified Recorded Contributions totalling \$120,100. These amounts are comprised of \$20,000 paid to Trez Capital on March 5, 2013 and \$100,000



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paid to "Fasken Martineau DuMoulin LLP" ("**Fasken**") in Trust on March 11, 2013. The cheque to Trez Capital cleared the Rose & Thistle Account on March 11, 2013.

49. The day before the payment of \$100,000 to Fasken, Rose & Thistle received transfers from Schedule "B" Companies as follows:

West Mall	\$1,032,000
Liberty Village	27,050
Red Door	7,950
Fraser	7,550
Donalda	3,850
Double Rose	24,750
Red Door	12,900
Dupont	2,600
West Mall	197,050
	<hr/>
	\$1,315,700
	<hr/>

50. Also on March 10, 2011 (the day before the cheque to Fasken cleared the Rose & Thistle Account), Rose & Thistle received transfers totalling \$6,000 from Schedule C Companies. Therefore, both the cheque to Trez and the cheque to Fasken were funded by funds advanced by Bernstein to Schedule B Companies which were transferred to Rose & Thistle.

51. A payment of \$600,000 in respect of the Royal Gate Property was made by wire transfer from the Rose & Thistle Account on April 5, 2013. This amount was to be funded by a Bernstein equity contribution of \$1,500,000, which was paid into the Rose & Thistle Account on March 11, 2013. Accordingly, the \$600,000 payment was not treated as a Recorded Contribution.

52. Bernstein's equity contribution was not, in fact, used to fund the \$600,000 payment on April 5, 2013. Instead, Bernstein's contribution was diverted into West Mall Holdings Ltd., then to United Empire Lands (a Schedule "C" Company) and used to fund the purchase of a Property at 3270 American Drive. A Bernstein mortgage advance to another Schedule "B" Company, Cityview Industrial Ltd. ("**Cityview**"), was then used to fund the \$600,000 payment on April 5, 2013. Particulars of these transactions are as follows:

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- (a) Prior to the deposit of Bernstein's \$1,500,000 equity contribution, the balance in the Rose & Thistle Account was \$28,488. Following the deposit, the balance in the account was \$1,528,488.
- (b) During the period March 11, 2013 to March 13, 2013 there were various transfers to and from Schedule "B" and Schedule "C" companies, including a transfer of \$1,100,000 to West Mall, following which the balance in the Rose & Thistle Account was \$134,179.
- (c) As described in the Fourth Report of the Inspector, on March 7, 2013, Bernstein paid \$1,649,063 as an equity investment in West Mall. These funds were deposited to the West Mall account. On March 7 and 8, 2013, \$1,649,050 was transferred to the Rose & Thistle Account, in individual transfer amounts of \$197,050, \$420,000 and \$1,032,000. On March 8, 2013, an amount of \$1,032,000 was transferred from Rose & Thistle to United Empire Lands. On March 11, 2013, 3270 American Drive was purchase by United Empire Lands.
- (d) It appears therefore that the funds provided by Bernstein for Royal Gate Holdings in the amount of \$1,500,000 were used to "repay" funds from his equity investment in West Mall which had been transferred to Rose & Thistle and used to fund the purchase of American Drive by United Empire Lands.
- (e) On April 5, 2013, \$636,400 was transferred to Rose & Thistle from Cityview. Rose & Thistle then transferred \$600,000 to the Royal Gate Account to fund a wire transfer to Fasken in Trust in the amount of \$600,000. The source of funds to Cityview was a mortgage advance of \$636,403 from 368230 Ontario Limited. This mortgage was granted for the specific purpose of funding construction costs relating to Cityview.

**K. Tisdale Mews Inc. ("Tisdale")**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Tisdale Mews Inc.	1,480,000.00	100%	\$0	0%

- 14 -

53. The Manager did not identify any Recorded Contributions from Tisdale.

54. The Manager does note that the Agreement relating to Tisdale, which is attached as Appendix F, is different from the balance of the Agreements (apart from the Agreement relating to Red Door Developments Inc.) because Bernstein invested in the Company after the Waltons had owned it for a significant period of time. The Manager (in its capacity as Inspector) reported on the transaction relating to Tisdale in its Third Report, which is attached as Appendix G.

#### **L. Skyway**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Skyway Holdings Ltd.	752,650.00	88.3%	100,100.00	11.7%

55. According to the Agreement between Bernstein and the Waltons dated February 14, 2013, each party had provided the sum of \$100,000 towards the deposits and due diligence expenses required, which amounts will form part of each of their equity contribution.

56. On November 28, 2012, a cheque in the amount of \$50,000 paid to Avison Young cleared the Rose & Thistle Account. The opening balance in the Rose & Thistle Account on November 28, 2012 was \$295.67. The account was funded on that date by the following transfers:

#### **Schedule B**

Wynford	\$2,600
Liberty Village	124,900
Riverdale	850
Fraser Properties	5,700
Double Rose	7,200
Fraser Lands	26,650
Total	<u>\$167,900</u>

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**Schedule C**

Handy Home	8,750
MTCC	1,950
Urban Amish	5,300
Cecil Lighthouse	1,200
Total	<u>17,200</u>

57. Therefore, the \$50,000 cheque from Rose & Thistle to Avison Young was mainly funded by transfers into the account from Schedule B Companies. The Manager has not identified any further contributions from the Waltons in respect of Skyway.

58. On January 11, 2013, an amount of \$100,000 from Bernstein was deposited to Skyway and used to fund a cheque in the amount of \$50,000 payable to Avison Young for deposit on Skyway.

**M. Richmond Row**

59. According to the Agreement between Bernstein and the Waltons dated June 27, 2013, Bernstein had provided \$650,000 to cover deposit costs, mortgage fees and due diligence expenses to purchase the property as a shareholder loan. Bernstein was to provide on June 27, 2013 a further shareholder loan of \$3,200,000 and a remaining shareholder loan of \$1,970,388 once a commercial tenant has been secured or building renovations begin. Walton was to provide the sum of \$5,820,388 in shareholders loans thereafter as the project required.

60. According to the Statement of Adjustments, there was a first deposit made in the amount of \$100,000. On April 15, 2013 a cheque in the amount of \$100,000 from Rose & Thistle paid to Morcap Corporation Brokerage cleared the Rose & Thistle Account. The opening balance in the Rose & Thistle Account on April 15, 2013 was \$2,437. The account was funded by the following transfers:

**Schedule B Companies**

Dewhurst (from Bernstein equity investment)	\$641,500
Eddystone (from Bernstein equity investment)	866,700
Wynford	2,950
Donalda	<u>8,400</u>

- 16 -

Total	<u>1,519,500</u>
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**Schedule C Companies**

Cedar Street	2,100
Handy Home	8,300
Total	<u>10,400</u>

61. Therefore, the \$100,000 payment to Morcap was mainly funded by transfers from Schedule B companies, the largest amounts being from Bernstein equity investments in Dewhurst and Eddystone.

62. There were no further Recorded Contributions from the Waltons in respect of Richmond Row.

**II. Final Equity Distribution from Donalda Developments Ltd. (“Donalda”)**

<b>Company</b>	<b>DBDC Contribution</b>	<b>DBDC Percent</b>	<b>Recorded Contribution</b>	<b>Walton Percentage</b>
Donalda Developments Ltd.	13,308,000.00	100.0%	100.00	0.0%

63. Pursuant to the Order of Justice Newbould dated December 17, 2014, the Manager made an interim equity distribution of \$1,850,000 to Bernstein from Dupont.

64. The Manager retained funds totalling \$1.235 million from Donalda to satisfy Donalda’s potential future obligations, including its potential corporate tax obligations. Bernstein is now the sole shareholders of Donalda and the Manager has been discharged from any responsibilities in respect of Donalda. Accordingly, Bernstein will assume responsibility for the preparation and filing of Donalda’s corporate tax returns.

65. In light of the foregoing, the Manager recommends that the balance of the funds held by the Manager be distributed to Bernstein.

- 17 -

**III. Conclusions and Recommendations**

66. For the reasons set out in this Report, the Manager respectfully recommends granting the relief sought in its Notice of Motion.

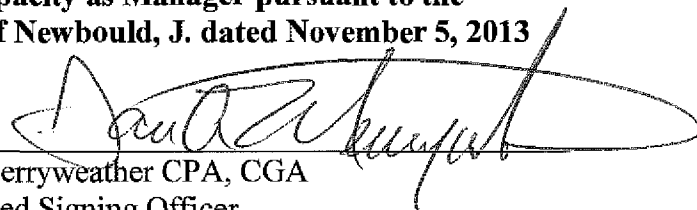
All of which is respectfully submitted this 7<sup>th</sup> day of January, 2015.

**SCHONFELD INC.**

**In its capacity as Manager pursuant to the  
Order of Newbould, J. dated November 5, 2013**

**Per:**

James Merryweather CPA, CGA  
Authorized Signing Officer

A handwritten signature in black ink, appearing to read "James Merryweather", is written over a horizontal line. The signature is fluid and cursive.

**SCHEDULE "A" COMPANIES**

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

**SCHEDULE "B" COMPANIES**

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties 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.



**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

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.  
JUSTICE NEWBOULD

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TUESDAY, THE 27th  
DAY OF JANUARY, 2015

**BETWEEN:**

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

**ORDER**

THIS MOTION, made by Schonfeld Inc. in its capacity as the manager (the “**Manager**”) appointed pursuant to the Order of Justice Newbould dated November 5, 2013 (the “**November 5 Order**”) and pursuant to the Judgment and Order of Justice Brown dated August 12, 2014 (the “**August 12 Order**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Twenty-Second Report dated December 3, 2014 (the “**Report**”) of the Manager, the Supplemental Report of the Manager dated December 16, 2014 (the “**Supplemental Report**”), the Addendum to the Supplemental Report dated December 17, 2014 (the “**Addendum**”), the Second Supplemental Report of the Manager dated January 7, 2015 (the “**Second Supplemental Report**”), the Third Supplemental Report of the Manager dated January

12, 2015 (the “**Third Supplemental Report**”), the Affidavit of James Reitan sworn January 9, 2015, the Affidavit of Norma Walton sworn January 12, 2015 and on hearing the submissions of counsel for the Manager, the Applicants, and the Respondents, no one appearing for any other person on the service list:

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Motion Record, the Supplemental Motion Record, the Second Supplemental Motion Record and the Addendum is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that capitalized terms used but not defined in this Order shall have the meaning given to such terms in the Report, the Supplemental Report, the Second Supplemental Report or the Third Supplemental Report as applicable.
3. THIS COURT ORDERS that the Manager is hereby authorized to make an interim distribution of proceeds in respect of approved claims to secured and unsecured creditors of those Companies listed at Appendix A hereto.
4. THIS COURT ORDERS that the Manager is hereby authorized to make an interim distribution of proceeds in respect of the Applicants’ contributions to the following Companies in the following amounts:

<b>Company</b>	<b>Funds Available for Distribution</b>	<b>DBDC Percentage</b>	<b>Interim Distribution</b>
Donalda Developments Ltd.	1,230,000	100%	1,230,000 <sup>1</sup>
Hidden Gem Development Inc.	930,000	93.8%	872,340
Lesliebrook Holdings Ltd.	190,000	98.0%	186,200
Liberty Village Properties Ltd.	150,000	97.5%	146,250
Royal Agincourt Corp.	110,000	73.2%	80,520
Royal Gate Holdings Ltd.	2,100,000	97.6%	2,049,600

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<sup>1</sup> This amount reflects a final distribution to be made to the Applicants in respect of Donalda Developments Ltd.

5. THIS COURT ORDERS that the foregoing payments are without prejudice to the Applicants' position that they are entitled to further payments or a greater percentage of the equity in each of the foregoing Companies.

6. THIS COURT ORDERS that the Manager is hereby authorized to make a final distribution as shown in paragraph 4 hereof to the Applicants in respect of Donalda Developments Ltd.

7. THIS COURT ORDERS that the Manager is hereby authorized and directed to take such steps as are necessary to convert the Applicants' shareholder loans to Richmond Row Holdings Ltd to shares.

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Manager and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Manager, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Manager and its agents in carrying out the terms of this Order.

  
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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO.  
LE / DANS LE REGISTRE NO.  
JAN 27 2015  


**Schedule A Companies**

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

**Schedule B Companies**

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

- 2 -

33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.



**Schedule C Properties**

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

**Schedule D – Interim Distribution Table**  
**(see attached)**

# APPENDIX A

Schedule B Companies  
Claims Process Detail by Company

Company	Creditor	Filed by Creditor			Manager Assessment						Disputed
		Deemed Trust	Secured	Unsecured	Accepted		Disallowed		Unsecured		
					Deemed Trust	Secured	Deemed Trust	Secured			
Richmond Row Holdings	Canada Revenue Agency	13,563.27		539.97		13,563.27		539.97			
	Colliers International			81,925.00				81,925.00			
	David Colman			565.00				565.00			
	Gluck Partnership Architects Inc.			1,318.03				1,318.03			
	Metropolitan Commercial Realty			45,200.00				45,200.00			
TOTAL		13,563.27	0.00	129,548.00		13,563.27	0.00	129,548.00	0.00	0.00	
Skyway Holdings Ltd.	Canada Revenue Agency	19,354.65		770.51		19,354.65		770.51			
	Cole Engineering Group Ltd.			3,243.11				3,243.11			
	Laser Heating & A/C Inc.		1,413.62							1,413.62	
	MHBC Planning		10,173.54	6,106.15			8,138.83	2,509.33		2,034.71	3,596.82
	TOTAL		19,354.65	11,587.16	10,119.77		19,354.65	8,138.83	6,522.95	0.00	3,448.33

DBDC SPADINA LTD. ET AL

NORMA WALTON ET AL

and

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

Applicants

Respondents

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

Proceeding commenced at TORONTO

**ORDER**

**GOODMANS LLP**  
Barristers & Solicitors  
333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7  
  
Brian Empey LSUC#: 30640G  
Mark Dunn LSUC#: 55510L  
Tel: 416.979.2211  
Fax: 416.979.1 234  
  
Lawyers for the Manager

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No.	Partnership	Dr. Bernstein Holding Company	Capital Cost			Investment			Inter-company		Mortgages		Since Inception				Late fees and interest, mainly taxes & utilities				
			Actual	Budget	Under (Over) to date	Equity	Dr. Bernstein Debt	Mortgage	Due to (from) Rose&Thistle	Mortgagor	Amount	Revenue per P&L	Management Fee	% of Revenue	Maintenance Fee	Total % of Revenue		Project Costs	Total Paid to Rose&Thistle		
1	Twin Dragons Corporation	DBDC Investments Spadina Ltd.	9,831,132	8,541,000	(1,290,132)	1,085,894	0	0	350,000	0	1,713,044	Computershare	8,300,000	1,236,338	47,000	3.8%	0	3.8%	180,631	227,631	22,968
2	Barnockburn Lands Inc	DBDC Investments Eglinton Ltd.	15,879,925	13,203,800	(2,676,125)	100	2,449,300	0	0	0	1,748,084	Atrium	12,000,000	3,390	0	0.0%	0	0.0%	1,791,050	1,791,050	149,234
3	Wynford Professiona Centre Ltd	2272551 Ontario Ltd.	12,366,253	14,709,180	2,342,927	0	0	0	0	0	913,757	Trez Capital	9,850,000	4,373,620	0	0.0%	0	0.0%	3,945,741	3,945,741	89,281
4	Liberty Village Lands Inc	DBDC Investments Atlantic Ltd.	2,334,784	incl. below		100	396,636	2,000,000	0	0	655,550			0	0	0	0	250,000	250,000	76	
5	Liberty Village Properties Ltd.	DBDC Investments Atlantic Ltd.	14,821,151	15,796,340	(1,359,594)	100	2,017,459	0	100	11,351	1,975,553	TCE Beta	13,500,000	1,856,843	63,185	3.4%	135,000 \$10,000/month	10.7%	2,561,500	2,759,685	5,811
6	Rivertdale Mansion Ltd	DBDC Investment Page Ltd.	2,940,884	3,940,946	1,000,062	100	470,373	3,000,000	100	0	(279,118)			0	0	60,000 \$2,500/month		268,973	328,973	3,671	
7	Royal Agincourt Corp	DBDC Investments Hwy 7 Ltd.	16,078,998	16,115,000	36,002	100	2,356,332	0	100	0	1,573,211	Harbour Mtge	11,600,000	2,952,895	79,608	2.7%	205,000 \$10,000/month	9.6%	508,100	792,708	11,167
8	Hidden Gem Development Inc.	DBDC Investments Trent Ltd.	3,403,849	4,492,300	1,088,451	100	1,166,050	0	100	0	600,646	Variety Club	2,160,000	176,333	0	0.0%	0	0.0%	700,000	700,000	4,704
9	Ascalon Lands Ltd.	DBDC Investments St. Clair Ltd.	2,713,231	8,055,200	5,341,969	100	927,000	0	0	0	605,118	E. Manson Inv.	2,100,000	0	0	50,000 \$2,500/month		930,109	980,109	391	
11	Lesliebrook Holdings Ltd	DBDC Investments Lesliebrook Ltd.	7,345,439	0	(7,345,439)	100	1,212,728	0	100	0	164,182	IMC	5,120,347	1,369,533	52,195	3.8%	148,750 \$8,500/month	14.7%	415,000	615,945	4,141
12	Lesliebrook Lands Ltd	DBDC Investments Leslie Ltd.	1,470,000	0	(1,470,000)	100	187,600	0	0	0	443,309	Atlantis	1,750,000	0	0	43,750 \$2,500/month		220,000	263,750	415	
15	Queen's Corner Corp.	DBDC Queen's Corner Corp.	3,964,754	5,171,650	1,206,896	100	582,365	4,000,000	100	0	406,804			0	0	0	0	1,175,000	1,175,000	58	
16	Northern Dancer Lands Ltd.	DBDC Queen's Plate Holdings Inc.	4,822,999	10,896,560	6,073,561	100	1,657,180	0	100	0	398,513	B M Handelman	3,350,000	28,170	0	0.0%	0	0.0%	250,000	250,000	0
17	Dupont Developments	DBDC Dupont Developments Ltd.	8,785,548	16,950,625	8,165,077	100	2,725,213	0	0	0	603,608	Millwood Mgmt	6,500,000	305,567	9,867	3.2%	159,375 \$12,500/month	55.4%	500,300	669,542	1,061
18	Red Door Developments Inc.	DBDC Red Door Developments Inc.	6,715,963	incl. below		100	1,483,222	0	0	0	381,182	Riocan Mtge	5,800,000	144,408	8,207	5.7%	52,500 0	42.0%	2,238,436	2,299,143	659

No.	Partnership	Dr. Bernstein Holding Company	Capital Cost			Investment			Inter-company Due to (from) Rose&Thistle	Mortgages		Revenue per P&L	Management Fee	% of Revenue	Since Inception Maintenance Fee	Total % of Revenue	Project Costs	Total Paid to Rose&Thistle	Late fees and interest, mainly taxes & utilities	
			Actual	Budget	Under (Over) to date	Equity	Dr. Bernstein Debt	Mortgage		Norma/Ronald Walton										
										Equity	Debt									
19	Red Door Lands Ltd.	DBDC Red Door Lands Inc.	2,400,000	11,641,925	9,241,925	100	837,541	0	0	0	Woodgreen Mgmt	1,200,000	122,257	4,420	3.6%	15,000 0	0	19,420	162	
20	Global Mills Inc	DBDC Global Mills Ltd.	24,898,758	31,020,625	6,121,867	100	6,510,213	0	0	0	Trez Capital	21,000,000	2,839,432	154,244	5.4%	0	150,000	304,244	13,576	
21	Donalda Developments Ltd	DBDC Donalda Developments Ltd.	46,050,236	56,823,908	10,773,672	100	13,355,900	0	0	0	CDPQ Mortgage Windsor	30,562,642 3,000,000	5,361,364	190,000	3.5%	237,500 \$25,000/month	8.0%	1,841,380	2,268,880	3,119
22	Salmon River Properties Ltd.	DBDC Salmon River Properties Ltd.	624,996	1,674,284	1,049,288	100	398,292	390,000	0	0	(114,945)		0	0	25,000 \$2,500/month	88,500	113,500	2,297		
23	Cityview Industrial Ltd	DBDC Cityview Industrial Ltd.	5,717,289	5,983,750	266,461	100	991,775	4,650,000	0	0	583,537		355,996	6,750	1.9%	42,000 \$3,500/month	295,000	343,750	801	
24	Weston Lands Ltd.	DBDC Weston Lands Ltd.	5,440,412	8,270,750	2,830,338	100	2,135,275	0	0	1,101,675	Zucaro, Fargas, Ven	4,000,000	0	0	0	290,000	290,000	230		
25	Double Rose Developments Ltd.	DBDC Double Rose Developments Ltd.	10,519,676	14,651,750	4,132,074	100	3,325,775	6,500,000	0	0	(1,113,700)	1,500,000	1,841,136	67,004	3.6%	146,875 \$12,500/month	475,000	688,879	1,833	
26	Skyway Holdings Ltd	DBDC Skyway Holdings Ltd.	3,868,544	4,305,300	436,756	100	752,550	2,800,000	0	100	227,413		288,060	11,324	3.9%	29,750 \$3,500/month	175,000	216,074	0	
28	Royal Gate Holdings Ltd	DBDC Royal Gate Holdings Ltd	25,581,067	28,925,913	3,344,846	100	4,962,857	0	0	0	1,024,757	16,384,100 3,000,000	1,500,760	49,893	3.3%	46,750 \$8,500/month	2,130,000	2,226,643	3,276	
29	Dewhurst Developments Ltd	DBDC Dewhurst Developments Ltd.	3,001,705	5,522,000	2,520,295	100	1,410,900	0	0	0	(521,970)	2,100,000	116,669	0	0.0%	11,000 \$2,000/month	60,000	71,000	2	
30	Eddystone Place Ltd.	DBDC Eddystone Place Ltd.	2,807,099	5,040,621	2,233,522	100	1,582,710	0	0	0	(629,995)	1,875,000	0	0	11,000 \$2,000/month	227,500	238,500	47		
31	Richmond Row Holdings Ltd	DBDC Richmond Row Holdings Ltd.	14,893,070	22,515,776	7,622,706	100	3,863,843	0	0	0	First National 165 Bathurst Fin Inc	4,428,622 6,575,000	331,488	12,774	3.9%	22,500 \$7,500/month	30,000	65,274	126	
10	Tisdale Mews Inc.	DBDC Investments Tisdale Ltd.	0	15,492,000	15,492,000	0	0	0	0	0			0	INFORMATION NOT PROVIDED						
13	Fraser Lands Ltd.	DBDC Fraser Lands Ltd.	0	51,644,125	51,644,125	0	0	0	0	0			0	INFORMATION NOT PROVIDED						
14	Fraser Properties Corp.	DBDC Fraser Properties Ltd.	0	0	0	0	0	0	0	0			0	INFORMATION NOT PROVIDED						
27	West Mall Holdings Ltd.	DBDC West Mall Holdings Ltd.	0	17,323,125	17,323,125	0	0	0	0	0			0	INFORMATION NOT PROVIDED						
			259,277,762	398,708,453	146,146,654	1,088,394	57,759,089	23,340,000	351,100	1,113,026	9,919,015	177,655,711	756,470		1,441,750		21,697,219	23,895,439	319,106	

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**Twin Dragons - Tracing of Bernstein Funds  
October 18, 2010 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Oct 18, 2010	\$1,120,500	→ \$1,120,500		Transfers into Rose & Thistle account from Schedule C companies amounted to \$32,050.
Oct 25, 2010 to Oct 29, 2010		\$(251,350)	→ \$251,350	Transfers out to Schedule C companies amounted to \$114,780

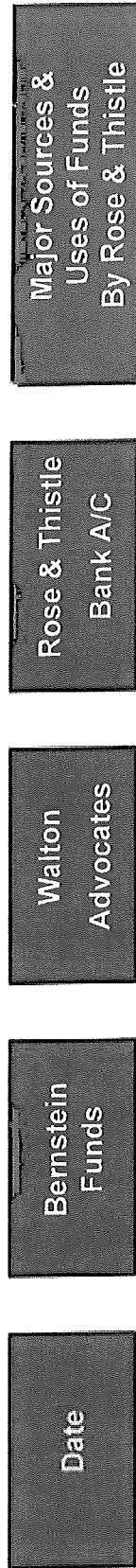
**Tisdale - Tracing of Bernstein Funds  
November 16, 2010 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Nov 16, 2010	\$2,000,000	→	\$837,347	Transfers into the Rose & Thistle account were the \$808,250 from Tisdale and \$19,200 from Schedule C companies. Transfers out to Schedule C companies amounted to \$729,775 including \$484,750 to shareholders.
			\$(808,250) → \$808,250	

Note: Dr. Bernstein mortgage was \$2,000,000, net amount of \$837,347 flowed through Tisdale bank account and \$808,250 transferred to Rose & Thistle

# **Bannockburn - Tracing of Bernstein Funds December 17, 2010 (Equity)**



Dec 17, 2010	\$1,750,000	→	\$1,750,000	
			\$(628,630)	→ \$628,630

Transfers were made to various Schedule C companies, including payments totalling \$484,349 to 364808 Ontario Ltd.

Note: Dr. Bernstein cheque made payable to Walton Advocates and net amount of \$628,630 transferred to Rose & Thistle account

# Wynford - Tracing of Bernstein Funds February 3, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Feb 3, 2011	\$1,700,000	→ \$1,700,000		Transfers from Schedule B companies to Rose & Thistle amounted to the \$392,150 transferred from Wynford.
Feb 4, 2011		\$(392,150)	→ \$392,150	Transfers to Schedule B companies amounted to \$61,450 to Twin Dragon Transfers to Rose & Thistle from Schedule C companies amounted to \$123,800, including \$80,000 from shareholders and \$43,700 from Walton Advocates. Transfers to Schedule C companies amounted to \$419,338 including Highland Creek \$(176,900) and Front Church \$(71,300).

# **Bannockburn – Tracing of Bernstein Funds** **March 28, 2011(Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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March 28, 2011	\$171,370 →	\$171,370		Transfers from Schedule B companies to Rose & Thistle amounted to \$155,200 from Bannockburn Transfers to Schedule B companies amounted to \$22,550 Transfers to Schedule C companies amounted to \$129,159.
		\$(155,200) →	\$155,200	

# **Riverdale – Tracing of Bernstein Funds** **June 27, 2011 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27, 2011	\$470,473	\$470,473		Transfers into the Rose & Thistle
June 29, 2011		\$(50,000)	\$50,000	account on June 30 from Schedule
June 30, 2011		<u>\$(41,350)</u>	<u>\$41,350</u>	B companies amounted to \$541,700
		<u>\$(91,350)</u>	<u>\$91,350</u>	including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350).
				Transfers in from Schedule C
				companies amounted to \$216,250
				including \$185,250 from Cecil
				Lighthouse and \$31,000 from
				Handy Home.
				Transfers out to Schedule B
				companies amounted to \$146,900.
				Transfers out to Schedule C
				companies amounted to \$584,250
				including College Lane \$(330,750)
				and Highland Creek \$(131,300).

# **Bannockburn– Tracing of Bernstein Funds June 27, 2011 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27 , 2011	\$300,000	→ \$300,000		
June 30, 2011		\$(220,650) →	\$220,650	<p>Transfers into the Rose &amp; Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350).</p> <p>Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home.</p> <p>Transfers out to Schedule B companies amounted to \$146,900.</p> <p>Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).</p>

# **Twin Dragon-- Tracing of Bernstein Funds June 27, 2011 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27, 2011	\$250,000	→ \$250,000		Transfers into the Rose & Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350).
June 30, 2011		\$(223,150) →	\$223,150	Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home. Transfers out to Schedule B companies amounted to \$146,900. Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).



# Wynford- Tracing of Bernstein Funds June 27, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27, 2011	\$125,000	→	\$125,000	Transfers into the Rose & Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350).
June 29, 2011			\$(70,000) →	Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home
June 30, 2011			→ \$56,550	Transfers out to Schedule B companies amounted to \$146,900. Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).

# Riverdale – Tracing of Bernstein Funds August 3, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
August 3, 2011	\$250,000	→ \$250,000		Transfers from Schedule B companies to Rose & Thistle amounted to \$883,150, including Riverdale \$(246,550), Wynford \$(340,050) and Bannockburn \$(296,550).
August 5, 2011			\$246,550	Transfers to Schedule B companies amounted to \$39,550. Transfers from Schedule C companies to Rose & Thistle amounted to \$508,539.
				Transfers to Schedule C companies amounted to \$1,343,888, including 110 Lombard Avenue \$(418,450) and Plexor Plastics \$(423,000).

# **Bannockburn – Tracing of Bernstein Funds** **August 3, 2011 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
August 3, 2011	\$325,000	→ \$325,000		Transfers from Schedule B companies to Rose & Thistle amounted to \$883,150, including Riverdale \$(246,550), Wynford \$340,050 and Bannockburn \$(296,550).
August 5, 2011		\$(296,550) →	\$296,550	Transfers to Schedule B companies amounted to \$39,550. Transfers from Schedule C companies to Rose & Thistle amounted to \$508,539.. Transfers to Schedule C companies amounted to \$1,343,888, including 110 Lombard Avenue \$(418,450) and Plexor Plastics \$(423,000).

# Wynford – Tracing of Bernstein Funds August 3, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
August 3, 2011	\$350,000	→ \$350,000		Transfers from Schedule B companies to Rose & Thistle amounted to \$883,150, including Riverdale \$(246,550), Wynford \$340,050 and Bannockburn \$(296,550).
August 5, 2011		\$(339,650) →	\$339,650	Transfers to Schedule B companies amounted to \$39,550. Transfers from Schedule C companies to Rose & Thistle amounted to \$508,539..
August 8, 2011		\$(400) →	\$400	Transfers to Schedule C companies amounted to \$1,343,888, including 110 Lombard Avenue \$(418,450) and Plexor Plastics \$(423,000).

# **Liberty Village – Tracing of Bernstein Funds** **August 22, 2011 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Aug 22, 2011	\$1,851,434	→ \$1,851,434		Transfers to Rose & Thistle from Schedule B companies amounted to \$432,900 from Liberty Village
Aug 22, 2011	\$246,736	→ \$246,736		Transfers from Rose & Thistle to Schedule B companies amounted to \$14,400.
Aug 23, 2011 to Aug 30, 2011			\$76,450	Transfers from Schedule C companies to Rose & Thistle amounted to \$46,100.
			\$34,000	Transfers to Schedule C companies amounted to \$380,750, including \$244,000 to Walton Advocates.
			\$2,400	
			\$18,000	
			<u>\$302,050</u>	
			<u>\$432,900</u>	

Note: \$1,851,434 deposited to Liberty Village Properties  
\$246,736 deposited to Liberty Village Lands

# **Liberty Village – Tracing of Bernstein Funds September 6, 2011 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sept 6, 2011	\$637,500	→ \$637,500		Transfers to Rose & Thistle from Schedule B companies amounted to \$697,100 from Twin Dragon \$(233,300) and Liberty Village \$(463,800).
			→ \$(463,800)	Transfers from Schedule C companies amounted to \$77,450.
			→ \$463,800	Transfers to Schedule B companies amounted to \$169,350 including \$151,900 to Twin Dragon.
				Transfers to Schedule C companies amounted to \$540,600, including \$193,450 to Highland Creek and \$109,900 to 1793530 Ontario Ltd.

# Liberty Village – Tracing of Bernstein Funds October 6, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 6, 2011	\$890,195	→ \$890,195		Transfers from Schedule B companies to Rose & Thistle amounted to \$755,900, including \$750,000 from Liberty Village. Transfers from Schedule C companies amounted to \$30,571.
		\$ (750,000) →	\$750,000	Transfers to Schedule B companies amounted from Rose & Thistle amounted to \$193,055, including \$116,605 to Bannockburn.
				Transfers to Schedule C companies amounted to \$478,000, including Highland Creek \$(225,050).

# **Liberty Village – Tracing of Bernstein Funds November 8, 2011 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Nov 8, 2011	\$488,967	→ \$488,967		Transfers into Rose & Thistle from Schedule B companies amounted to \$488,950 from Liberty Village. Transfers into Rose & Thistle from Schedule C companies amounted to \$200 Transfers to Schedule C companies amounted to \$81,800.
		\$ (488,950) →	\$488,950	



# Royal Agincourt – Tracing of Bernstein Funds December 5, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 5, 2011	\$1,782,500	\$1,782,500		Transfer of \$1,000,000 on
Dec 5, 2011		\$(675,000)	\$675,000	December 12, 2011 and a
Dec 6, 2011		\$(18,050)	\$18,050	mortgage advance from Tisdale
Dec 7, 2011		\$(18,600)	\$18,600	Thistle on December 8, 2011
Dec 12, 2011		\$(1,000,000)	\$1,000,000	were the primary sources of
Dec 13, 2011		<u>\$(20,000)</u>	<u>\$20,000</u>	funds to fund a transfer of
		<u>\$1,731,650</u>	<u>\$1,731,650</u>	\$1,600,000 to Academy Lands
				on December 12, 2011.

**Tisdale – Tracing of Bernstein Funds  
December 8, 2011 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Dec 8, 2011	\$706,050	→	\$706,050		
			\$(706,050)	→	\$706,050

Transfer of \$1,000,000 on December 12, 2011 and a mortgage advance from Tisdale which was transferred to Rose & Thistle on December 8, 2011 were the primary sources of funds to fund a transfer of \$1,600,000 to Academy Lands on December 12, 2011.

# Liberty Village – Tracing of Bernstein Funds December 20, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 20, 2011	\$278,253	<div> <div>\$278,253</div> <div>\$278,253</div> </div>	<div> <div>\$(278,200)</div> <div>\$278,200</div> </div>	<p>Transfers from Schedule B companies to Rose &amp; Thistle amounted to \$439,950, including \$278,200 from Liberty Village and \$120,400 from Wynford. Transfers in from Schedule C companies amounted to \$16,924.</p> <p>Transfers out to Schedule C companies amounted to \$481,550, including \$371,200 to Gerrard House and \$110,350 to Academy Lands.</p>

# Wynford – Tracing of Bernstein Funds December 20, 2011 (Mortgage)



Dec 20, 2011	\$120,455	→	\$120,455		Transfers from Schedule B
			\$(120,400)	→	companies to Rose & Thistle
					amounted to \$439,950, including
					\$278,200 from Liberty Village and
					\$120,400 from Wynford. Transfers
					in from Schedule C companies
					amounted to \$16,924.
					Transfers out to Schedule C
					companies amounted to \$481,550,
					including \$371,200 to Gerrard
					House and \$110,350 to Academy
					Lands.

**Liberty Village – Tracing of Bernstein Funds  
January 5, 2012 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jan 5, 2012	\$830,509 →	\$830,509 \$(680,600) →	\$680,600	Transfers to Rose & Thistle from Schedule B companies amounted to \$742,390, including \$680,600 from Liberty Village Transfers from Schedule C companies amounted to \$80,000. Transfers to Schedule B companies amounted to \$265,990, including \$145,440 to Twin Dragon. Transfers to Schedule C companies amounted to \$493,800, including Cecil Lighthouse \$(156,300) and Highland Creek \$(104,350)

# **Ascalon – Tracing of Bernstein Funds January 25, 2012 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jan 25, 2012	\$862,100	→ \$862,100		Transfers from Schedule B companies to Rose & Thistle amounted to \$507,040 of which \$503,090 was sourced from Ascalon. Total transfers from Schedule C companies to Rose & Thistle amounted to \$8,600 and total transfers from Rose & Thistle to Schedule C companies was \$203,290, including to the shareholders \$(46,100), MTCC No. 1037 \$(36,100) and Truman/RT Construction \$(24,800).
Jan 26, 2010 to Jan 30, 2010		\$(503,090)	→ \$503,090	

# **Liberty Village – Tracing of Bernstein Funds February 1, 2012 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Feb 1, 2012	\$884,950	→ \$884,950	→ \$179,000	Transfers to Rose & Thistle from Schedule B companies amounted to \$184,000, including \$179,000 from Liberty Village. Transfers from Schedule C companies amounted to \$65,495. Transfers to Schedule B companies amounted to \$141,700. Transfers to Schedule C companies amounted to \$105,900.
		\$(179,000)		

# **Hidden Gem – Tracing of Bernstein Funds** **April 5, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Apr 5, 2012	\$1,043,650	→	\$1,043,650	Rose & Thistle transferred the amount of \$250,800 to Fraser Properties.
			\$(250,800) →	Rose & Thistle transferred funds to Schedule B companies in the amount of \$452,150, including Wynford \$143,250, and Liberty Village \$163,500.
			<u>\$792,800</u> →	Schedule C companies transferred funds in the amount of \$6,850 to Rose & Thistle. Transfers out to Schedule C companies amounted to \$377,700, including Highland Creek \$(101,050) and Academy Lands \$(81,850).
			<u>\$1,043,600</u>	



**Fraser – Tracing of Bernstein Funds  
April 17, 2012 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Apr 17, 2012	\$700,000	→	\$700,000		
			\$(700,000)	→	\$700,000

Transfers into Rose & Thistle from Schedule B companies amounted to \$700,000 from Fraser and \$100,000 from Lesliebrook. Transfers in from Schedule C companies amounted to \$41,606. Transfers out to Schedule B companies amounted to \$299,550, including Twin Dragon \$(278,600). Transfers out to Schedule C companies amounted to \$481,110 including Walton Advocates \$(127,850) and 6195 Cedar Street \$(221,000).

# Fraser – Tracing of Bernstein Funds April 23, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
April 23, 2012	\$1,491,426 —→	\$1,491,426		Transfers into Rose & Thistle from Schedule B companies amounted to \$1,993,600 of which \$1,985,100 was from Fraser.
April 24, 2012	\$790,000 —→	\$(525,000) —→	\$525,000	Transfers from Schedule C companies amounted to \$78,900.
April 25, 2012		\$(1,156,950) —→	\$1,156,950	Transfers out to Schedule B companies included Twin Dragon \$(388,850) and Liberty Village \$(174,000).
April 26, 2012		\$(22,150) —→	\$22,150	Transfers to Schedule C companies amounted to \$1,235,750, including Walton Advocates \$(761,600), Rememory Productions \$(123,400), Front Church \$(106,900).
		\$(281,000) —→	<u>\$281,000</u> <u>\$1,985,100</u>	

# Lesliebrook – Tracing of Bernstein Funds April 24, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Apr 24, 2012	\$1,200,528	→ \$1,200,528		Transfers from Schedule B companies to Rose & Thistle amounted to \$1,383,800, of which \$779,500 was from Fraser Properties and \$454,400 was from Lesliebrook.
May 2, 2012		\$(253,400) →	\$253,400	Transfers from Rose & Thistle to Schedule B companies amounted to \$577,315 of which \$313,400 was to Lesliebrook.
May 3, 2012		→ \$(141,000)	\$141,000	Transfers to Rose & Thistle from Schedule C companies amounted to \$141,640 and transfers from Rose & Thistle to Schedule C companies amounted to \$662,885, including Plexor Plastics \$(113,260) and Walton Advocates \$(241,850).
		→ \$(60,000)	<u>\$60,000</u>	
		→ <u>\$(454,400)</u>	<u>\$454,400</u>	

# Fraser – Tracing of Bernstein Funds May 2, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
May 2, 2012	\$987,165	→ \$987,165		Transfers in from Schedule B companies amounted to \$1,356,950 including \$886,100 from Fraser and \$394,400 from Lesliebrook.
May 3, 2012		\$(134,000) →	\$134,000	Transfers in from Schedule C companies were \$412,014, including \$265,750 from Highland Creek.
May 4, 2012		\$(361,700) →	\$361,700	Transfers out to Schedule B companies amounted to \$744,225, including \$170,400 to Bannockburn, \$313,400 to Lesliebrook, \$194,950 to Liberty Village Properties.
May 7, 2012		\$(283,800) →	\$283,800	Transfers out to Schedule C companies amounted to \$669,685, including \$115,060 to Plexor Plastics and \$241,550 to Walton Advocates.
		<u>\$(106,600)</u> →	<u>\$106,600</u>	
		<u>\$(886,100)</u> →	<u>\$886,100</u>	

# Fraser – Tracing of Bernstein Funds June 1, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 1, 2012	\$987,165	→ \$987,165		Transfers into Rose & Thistle from Schedule B companies amounted to \$1,090,889, including \$779,750 from Fraser.
		\$(525,000)	→ \$525,000	
June 5, 2012		<u>\$(254,250)</u>	→ <u>\$254,250</u>	Transfers into Rose & Thistle from Schedule C companies amounted to \$141,023.
		<u><u>\$(779,750)</u></u>	→ <u><u>\$779,750</u></u>	Transfers out of Rose & Thistle to Schedule B companies amounted to \$425,181.
				Transfers to Schedule C companies amounted to \$358,161, including Palmer Productions and 66 Gerrard Street.

## Red Door – Tracing of Bernstein Funds June 15, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 15, 2012	\$2,320,963	→ \$2,320,963		Transfers into Rose & Thistle from Schedule B companies amounted to \$108,750 plus the Red Door funds.
June 15, 2012		\$(75,000) →	\$75,000	Transfers into Rose & Thistle from Schedule C companies amounted to \$271,109.
June 18, 2012		\$(574,500) →	\$574,500	Transfers out to Schedule B companies amounted to \$700,850.
June 21, 2012		\$(500) →	\$500	Transfers out to Schedule C companies amounted to \$621,360, including \$146,400 to Front Church,
June 22, 2012		\$(8,100) →	\$8,100	\$111,250 to Palmer Productions and \$2,631,810 transferred to Norma Walton.
June 25, 2012		<u>\$(1,662,850)</u> →	<u>\$1,662,850</u>	
		<u>\$(2,320,950)</u> →	<u>\$2,320,950</u>	

## Fraser – Tracing of Bernstein Funds July 3, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
July 3, 2012	\$987,165	→ \$987,165		Transfers into Rose & Thistle from Schedule B companies amounted to \$1,037,100, including \$901,850 from Fraser.
July 4, 2012		\$(901,850) → \$901,850		Transfers in from Schedule C companies amounted to \$115,881. Transfers out to Schedule B companies amounted to \$200,073. Transfers out to Schedule C companies amounted to \$1,049,555, including \$983,475 to College Lane.

# **Queen's Corner – Tracing of Bernstein Funds July 5, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
July 5, 2012	\$357,465	\$357,465	\$357,465	Transfers into Rose & Thistle from Schedule B companies were \$386,250 of which \$357,350 was from Queen's Corner. Transfers in from Schedule C companies was \$41,550. Transfers to Schedule B companies included \$396,250 to Liberty Village Properties and \$173,200 to Twin Dragons. Transfers to Schedule C companies amounted to \$173,200.
		\$(357,465)		



# Northern Dancer – Tracing of Bernstein Funds July 23, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jul 23, 2012	\$1,389,780	\$1,389,780		Transfers into the Rose & Thistle account from Schedule B companies amounted to \$1,391,887, including the transfers from Northern Dancer \$1,350,550. Transfers into the account from Schedule C companies amounted to \$27,330. Transfers out of the Rose & Thistle account to Schedule B companies amounted to \$800,800, including \$662,200 on July 25, 2012 to Queen's Corner. Also a wire transfer to Stikeman Elliott in the amount of \$500,100 was made related to a deposit on the Donalda property.
Jul 23, 2012		\$(688,350)	\$688,350	
Jul 25, 2012		<u>\$(662,200)</u>	<u>\$662,200</u>	
		<u>\$(1,350,550)</u>	<u>\$1,350,550</u>	

# Fraser – Tracing of Bernstein Funds July 31, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jul 31, 2012	\$987,165	\$987,165		Following the deposit of \$664,850 from the Fraser account, \$215,050 was transferred to The Old Apothecary Building Inc. Other transfers into Rose & Thistle from Schedule B companies amounted to \$48,050 and transfers out of Rose & Thistle to Schedule B companies amounted to \$186,800. Other transfers into Rose & Thistle from Schedule C companies amounted to \$66,000 and transfers out of Rose & Thistle to Schedule C companies amounted to \$239,499.
Jul 31, 2012		\$(130,000)	\$130,000	
Aug 1, 2012		<u>\$ (664,850)</u>	<u>\$664,850</u>	
		<u>\$ (794,850)</u>	<u>\$794,850</u>	

# **Donalda – Tracing of Bernstein Funds August 23, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Aug 23, 2012	\$375,000 →	\$375,000		Transfers in from Schedule B companies were:
Aug 24, 2012			→	Donalda \$375,000
			→	Royal Agincourt 55,400
			→	Fraser Land 26,650
			→	Fraser Properties 9,950
			→	Wynford 8,200
			→	<u>\$475,200</u>
			→	Transfers in from Schedule C companies totalled \$4,950.
			→	Transfers out to Schedule B companies were:
			→	Twin Dragons \$203,050
			→	Liberty Village 54,800
			→	Properties 11,150
			→	Wynford <u>\$269,000</u>
			→	Transfers out to Schedule C companies were:
			→	66 Gerrard \$44,150
			→	Truman 37,250
			→	Plexor 14,600
			→	Other 39,700
			→	<u>\$135,700</u>

## Dupont – Tracing of Bernstein Funds September 4, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sep 4, 2012	\$2,500,313 →	\$2,500,313		Transfers from Schedule B companies to Rose & Thistle amounted to \$2,206,450, of which \$925,000 was from Dupont, \$798,750 from Fraser and \$106,450 from Twin Dragons.
Sep 4, 2012		\$(800,000)	→ \$800,000	Transfers to Schedule B companies amounted to \$1,772,450, of which \$800,000 went to Weston Lands, \$262,850 went to Liberty Village and \$222,800 went to Twin Dragons.
Sep 5, 2012		<u>\$(125,000)</u>	→ <u>\$125,000</u>	Transfers from Schedule C companies to Rose & Thistle amounted to \$388,300 and transfers to Schedule C companies amounted to \$586,200, of which \$85,150 went to Cecil Lighthouse and \$81,150 went to Norma Walton.
		<u>\$(925,000)</u>	→ <u>\$925,000</u>	

# Cityview – Tracing of Bernstein Funds September 4, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sept 4, 2012	\$991,875 →	\$991,875		Transfers from Schedule B companies to Rose & Thistle amounted to \$2,206,450, of which \$925,000 was from Dupont, \$798,750 from Fraser and \$106,450 from Twin Dragons
Sept 5, 2012		\$(91,900)	→ \$91,900	Transfers to Schedule B companies amounted to \$1,772,450, of which \$800,000 went to Weston Lands, \$262,850 went to Liberty Village and \$222,800 went to Twin Dragons
				Transfers from Schedule C companies to Rose & Thistle amounted to \$388,300 and transfers to Schedule C companies amounted to \$586,200, of which \$85,150 went to Cecil Lighthouse and \$81,150 went to Norma Walton

# Fraser – Tracing of Bernstein Funds September 4, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sept 4, 2012	\$987,165	→ \$987,165		Transfers into Rose & Thistle amounted to \$2,575,550, including \$823,500 from Fraser, \$925,000 from Dupont, \$132,650 from Royal Agincourt and \$184,150 from Weston.
Sept 5, 2012		\$ (776,600) →	\$776,600	Transfers in from Schedule C companies amounted to \$395,300.
		\$ (22,150) →	\$22,150	Transfers out to Schedule B companies amounted to \$2,045,800, including \$224,850 to Twin Dragon, \$100,750 to Red Door, \$280,550 to Liberty Village, \$206,000 to City View.
Sept 6, 2012		<u>\$ (24,750) →</u>	<u>\$24,750</u>	Transfers to Schedule C companies amounted to \$609,893, including \$143,550 to the Old Telegram Bldg and \$251,150 to Walton Advocates.
		<u><u>\$ (823,500) →</u></u>	<u><u>\$823,500</u></u>	

# **Weston Lands – Tracing of Bernstein Funds September 11, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sept 11, 2012	\$2,135,375	→	\$2,135,375	Transfers in from Schedule B companies amounted to \$2,182,925 of which \$2,116,825 was transferred from Weston Lands. Total transfers in from Schedule C companies was \$46,950. Transfers to Schedule B companies amounted to \$1,210,250, of which \$1,016,250 was to Northern Dancer. Transfers to Schedule C companies amounted to \$1,023,675, of which \$223,950 was to Front Church and \$256,175 was to Highland Creek, \$253,125 on September 18, 2011. Also on September 18, 2011, Highland Creek made a mortgage payment in the amount of \$253,125 to Bernstein.
Sep 12, 2012 to Sep 28, 2012			→ \$(2,116,825) →	
			\$2,116,825	

# **Double Rose – Tracing of Bernstein Funds (cont'd)** **October 1, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 1, 2012	\$3,325,875	→ \$3,325,875		Transfers from Schedule B
Oct 1, 2012		\$(696,825)	→ \$696,825	companies to Rose & Thistle were \$2,554,337, including
Oct 2, 2012		<u>\$(933,050)</u>	→ <u>\$933,050</u>	\$1,629,875 from Double Rose.
		<u>\$(1,629,875)</u>	→ <u>\$1,629,875</u>	Transfers from Schedule C companies were \$38,050.
				Transfers to Schedule B companies were \$2,359,362.
				Transfers to Schedule C companies were \$221,900.



# Queen's Corner – Tracing of Bernstein Funds October 12, 2012 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 12, 2012	\$200,000 →	\$200,000	→ \$(200,000)	Transfers to Rose & Thistle from Schedule B companies were
			→ \$200,000	Donalda \$750,000 Queen's Corner 200,000 Wynford 120,000 Other <u>48,550</u> <u>\$1,118,550</u>
				Transfers to Schedule B companies from Rose & Thistle were:
				Global Mills \$1,070,000 Other <u>50,100</u> <u>\$1,120,100</u>
				Transfers to Schedule C companies amounted to \$14,800.

# **Donalda – Tracing of Bernstein Funds October 12, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Oct 12, 2012	\$750,000 →	\$750,000		Transfers in from Schedule B companies were:
				Donalda \$750,000
				Queen's Corner 200,000
				Wynford 120,000
				Other 48,550
				<u>\$1,118,550</u>

Transfers in from Schedule C companies were nil.

Transfers out to Schedule B companies were:

Donalda	\$1,070,000
Other	<u>50,100</u>
	<u>\$1,120,100</u>

Transfers out to Schedule C companies totalled \$14,800.

**Salmon River – Tracing of Bernstein Funds  
November 13, 2012 (Equity)**



Nov 13, 2012	\$318,392	→	\$318,392	Transfers to Rose & Thistle from Schedule B companies amounted to \$250,150, from Salmon River. Transfers to Schedule B companies from Rose & Thistle were \$39,650, of which \$38,400 was to Tisdale Transfers to Rose & Thistle from Schedule C companies was \$1,850 (Handy Home Products) and transfers to Schedule C companies amounted to \$233,850, of which \$152,950 went to Bible Hill Holdings Inc.		
			<table border="0"><tr><td>\$(250,150)</td><td>→</td><td>\$250,150</td></tr></table>		\$(250,150)	→
\$(250,150)	→	\$250,150				

# **Donalda – Tracing of Bernstein Funds November 19, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Nov 19, 2012	\$474,000	→	\$474,000	Transfers in from Schedule B companies were:
				Donalda \$54,900
				Wynford 19,350
				<u>\$74,250</u>
				Transfers in from Schedule C companies were \$1,650
				Transfers out to Schedule B companies were \$7,300.
				Transfers out to Schedule C companies were \$68,600

# **Donalda – Tracing of Bernstein Funds December 17, 2012 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 17, 2012	\$2,100,000	→	\$2,100,000	Transfers from Schedule B companies to Rose & Thistle amounted to \$2,247,450, of which \$2,100,000 was from Donalda.
Dec 21, 2012			→	Transfers to Schedule B companies amounted to \$720,900, of which \$336,400 went to Wynford, and \$140,450 to Twin Dragon.
				Transfers to Schedule C companies amounted to \$1,259,000, including \$650,000 to Norma Walton and \$470,050 to College Lane.

# West Mall – Tracing of Bernstein Funds January 7, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jan 7, 2013	\$600,000	\$600,000		
		\$(99,950)	\$99,950	Transfers to Rose & Thistle from Schedule B companies amounted to \$262,500, consisting of Donalda \$(124,450), West Mall \$(99,950) and Fraser Properties \$(38,100). Transfers from Rose & Thistle to Schedule B companies amounted to \$100,300 from Dupont. Transfers from Rose & Thistle to Schedule C companies amount to \$88,900 including \$60,200 to 6195 Cedar Street.

# West Mall – Tracing of Bernstein Funds February 13, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Feb 13, 2013	\$600,000 →	\$600,000	<div> <div>\$(200,000)</div> <div>→</div> <div>\$200,000</div> </div>	<p>Transfers to Rose &amp; Thistle from Schedule B companies amounted to \$213,350 of which \$200,000 was from West Mall. Transfers from Rose &amp; Thistle to Schedule B companies amounted to \$236,250, including Bannockburn \$(82,500), Donalda \$(52,450), Twin Dragon \$(40,400) and Tisdale \$(32,000). Transfers from Schedule C companies to Rose &amp; Thistle amounted to \$425,750, of which \$425,250 was from Cinderella Productions. Transfers to Schedule C companies from Rose &amp; Thistle amounted to \$209,650.</p>

## West Mall – Tracing of Bernstein Funds March 7, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Mar 7, 2013	\$1,649,063	\$1,649,063		
Mar 7, 2013		\$(420,000)	→ \$420,000	On March 7, 2013, transfers into the account from Schedule B companies were Queen's Comer (\$93,000 + \$106,950), and West Mall \$(420,000). Transfers into the account from Schedule C companies were Urban Amish \$(200), Handy Home Products \$(552.20) and The Old Telegram Building \$(800). Transfers out of the Rose & Thistle account to Schedule B companies totalled \$483,850, including \$296,200 to Wynford Transfers out of the Rose & Thistle account to Schedule C companies totalled \$75,995, including \$26,800 to Front Church Properties and \$22,700 to Rose & Thistle Properties.
Mar 8, 2013		\$(197,050)	→ \$197,050	
Mar 8, 2013		<u>\$(1,032,000)</u>	→ <u>\$1,032,000</u>	On March 8, 2013, transfers into the Rose & Thistle account from Schedule B companies were West Mall \$1,032,000 and \$197,050 and other Schedule B companies of \$86,650. Transfers out of the Rose & Thistle account to Schedule B companies were \$130,350. Transfers out to Schedule C companies were United Empire Lands Ltd \$1,032,000. Transfers into Rose & Thistle from Schedule C companies were \$5,650.
		<u>\$(1,649,050)</u>	→ <u>\$1,649,050</u>	



# Dewhurst – Tracing of Bernstein Funds April 15, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Apr 15, 2013	\$1,286,000	→ \$1,286,000		Transfers from Schedule B companies to Rose & Thistle on April 15, 2013 amounted to \$1,519,550, of which \$866,700 was from Eddystone and \$641,500 was from Dewhurst Transfers to Schedule B companies amounted to \$75,500.
Apr 15, 2013		→ \$(641,500)	\$641,500	Transfers from Schedule C companies to Rose & Thistle amounted to \$10,400. Transfers to Schedule C companies from Rose & Thistle amounted to \$1,194,900 consisting of 1780355 Ontario Ltd. \$(937,000), Plexor Plastics \$(111,550) and Norma Walton \$(110,000).

**Eddystone – Tracing of Bernstein Funds  
April 15, 2013 (Equity)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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Apr 15, 2013	\$1,452,810	→	\$1,452,810	Transfers from Schedule B companies to Rose & Thistle amounted to \$1,519,550, of which \$866,700 was from Eddystone and \$641,500 was from Dewhurst Transfers to Schedule B companies amounted to \$75,500. Transfers from Schedule C companies to Rose & Thistle amounted to \$10,400. Transfers to Schedule C companies from Rose & Thistle amounted to \$1,194,900 consisting of 1780355 Ontario Ltd. \$(937,000), Plexor Plastics \$(111,550) and Norma Walton \$(110,000)
			→	
			\$866,700	
			→	
			\$(866,700)	

# Royal Gate – Tracing of Bernstein Funds April 22, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
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April 22, 2013      \$3,462,957      —————>      \$3,462,957

Note    No funds were transferred to Rose & Thistle as the funds were used to purchase the property.

**Queen's Corner – Tracing of Bernstein Funds  
May 6, 2013 (Mortgage)**



May 6, 2013	\$340,000	→	\$340,000	During the period April 8, 2013 to April 15, 2013, transfers from Schedule B companies to Rose & Thistle amounted to \$2,282,500, including from Dewhurst \$(742,700), Eddystone \$(978,800), Queen's Corner \$(221,250) and Riverdale \$(105,550) Transfers from Rose & Thistle to Schedule B companies amounted to \$443,850, including Tisdale (\$90,900) and Bannockburn \$(87,900).
			\$(283,850) → \$283,850	

Transfers from Schedule C companies to Rose & Thistle amounted to \$149,900, including \$136,800 from Handy Home Products Transfers from Rose & Thistle to Schedule C companies amounted to \$1,668,450, including 1780355 Ontario Inc (\$939,450), Front Church \$(178,550), MTCC No 1037 \$(121,300), Norma Walton \$136,900.

# **Richmond Row – Tracing of Bernstein Funds** **May 9, 2013**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
May 9, 2013	\$300,000 →	\$300,000		Transfers to Rose & Thistle from Schedule B companies amounted to \$566,350, of which \$499,850 was from Richmond Row Transfers from Rose & Thistle to Schedule B companies amounted to \$250,050, of which \$115,450 was to Tisdale Mews and \$82,450 was to Bannockburn.
May 9, 2013 to May 14, 2013		\$(299,850) →	\$299,850	
May 17, 2013	\$350,000 →	\$350,000		Transfers from Schedule C companies to Rose & Thistle amounted to \$197,150, including 1780355 Ontario Inc. \$(52,000), Corp Comm \$(50,400) Handy Home Products \$(49,600) and 66 Gerrard \$(45,150) Transfers from Rose & Thistle to Schedule C companies amounted to \$327,350, including Front Church \$(152,450) Rose & Thistle properties \$(47,700), Plexor Plastics \$(33,600) and Gerrard House \$(30,000)
		\$(200,000) →	\$200,000	

**v**

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

**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

**FORTY-EIGHTH REPORT OF THE MANAGER, SCHONFELD INC.**  
*(Motion Returnable June 19, 2017)*

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## **I. Introduction**

### **A. Overview**

1. This is the Forty-Eighth 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**”),<sup>1</sup> 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**”).

### **B. Purpose of this Report**

2. The purpose of this report is to respond to the motion brought by E. Manson Investments Limited, 5 K Investments Inc., Yerusha Investments Inc., National Tire Sales and Service (2011) Ltd., Natme Holdings Ltd., Marvin Teperman, Maxoren Investments Inc., Sheilaco Investments Inc., Errol Gordon, Southern Atlantic Service, Elaine Pepper, B. & M. Handelman Investments Limited and 558678 Ontario Limited (collectively, the “**Handelman Mortgagees**”) for an Order that all of the professional fees incurred by their lawyers be paid by only one of the four Schedule “B” Properties sold by the Handelman Mortgagees by power of sale, rather than allocated to each of the four properties.

3. This Forty-Eighth Report contains facts relevant to the Handelman Mortgagees’ motion.

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<sup>1</sup> Schedule “B” was amended by Order dated January 16, 2014.

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**C. Terms of Reference**

4. Based on its review and interaction with the parties to date, nothing has come to the Manager's attention that would cause it to question the reasonableness of the information presented herein. However, the Manager has not audited, or otherwise attempted to independently verify, the accuracy or completeness of any financial information of the Companies. The Manager therefore expresses no opinion or other form of assurance in respect of any of the Companies' financial information that may be in this Report.

**II. The Manager's concerns**

5. The Manager opposes the relief sought because it benefits one group of stakeholders (the Handelman Mortgagees) at the expense of other stakeholders (the Applicants). Fundamentally, the Handelman Mortgagees seek to allocate the legal fees incurred in respect of this matter in a manner that will mitigate losses suffered in respect of one property using the proceeds from another. In the Manager's view, this is not appropriate.

6. The Handelman Mortgagees incurred significant legal fees in these proceedings. They were mortgagees of, among others, four Schedule "B" Properties. Three of the properties at issue were sold for prices that were sufficient to cover the full amount of the mortgages (including related costs and fees). The sale of the fourth property did not generate sufficient proceeds and the mortgagees that invested in that property suffered a shortfall.

7. The Handelman Mortgagees retained the same counsel, Lawrence Zimmerman and Lawrence Wallach, and the present dispute relates to how the fees charged by Messrs. Zimmerman and Wallach for work performed in the early stages of these proceedings should be allocated. The Handelman Mortgagees assert that all of the fees should be allocated to

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profitable properties and that the property that suffered a shortfall should bear no legal costs. The Manager does not agree. The proposed allocation would permit mortgagees with an interest in the unprofitable mortgage to collect legal fees from the proceeds of properties that they have no interest in. The mortgagees that invested in the profitable properties would be effectively subsidizing the legal fees incurred with respect to the unprofitable property to the detriment of other stakeholders that would otherwise be entitled to the funds.

8. The Manager has been holding the disputed funds in trust pending the resolution of this dispute.

**B. The properties and parties at issue**

9. Syndicates of private lenders led by Stephen Handelman registered mortgages on title to each of the following Schedule "B" Properties (the "**Handelman Properties**");

- (a) 7-15 Fraser Avenue, Toronto, Ontario ("**7-15 Fraser**");
- (b) 30 Fraser Avenue, Toronto, Ontario ("**30 Fraser**" together with 7-15 Fraser, the "**Fraser Properties**");
- (c) 140 Queen's Plate Drive, Toronto, Ontario ("**140 Queen's Plate**");
- (d) 3765 St. Clair Avenue East, Toronto, Ontario ("**3765 St. Clair**"); and
- (e) 78 Tisdale Avenue, Toronto, Ontario ("**78 Tisdale**").

10. The composition of each syndicate is different. That is, not all mortgagees have mortgages registered against each of the Handelman Properties.

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11. Once the November 5 Order was issued and entered, the Manager obtained contact information for third party mortgagees with interests registered against the Properties and notified these mortgagees of the November 5 Order.

12. Like many other mortgagees, the Handelman Mortgagees retained counsel to represent their interests in these proceedings. The Handelman Mortgagees have, at all times throughout the proceeding, been represented by common counsel.

13. The fees in issue on this motion relate to the early stages of the proceeding, including a motion (which was brought together with several other mortgagees) to either exempt the Handelman Properties from, or substantially vary the terms of, the November 5 Order. The Applicants, the Manager and the moving mortgagees ultimately reached a series of compromises to address the mortgagees' concerns while continuing the Manager's efforts to realize on the assets at issue provided that the mortgages were kept in good standing.

14. On February 3, 2014, the Applicants advised the Manager that they were not prepared to fund any further obligations with respect to the Handelman Properties and several other Properties. The Manager notified the Handelman Mortgagees that the Companies that own the Handelman Properties would no longer be in a position to meet their obligations under the applicable mortgages on February 3, 2014. Each of the Companies that own the Handelman Properties defaulted on its mortgage obligations in early February 2014 by, among other things, failing to make monthly mortgage payments and failing to pay realty taxes.

15. On February 18, 2014, the Handelman Mortgagees commenced power of sale proceedings in respect of 7-15 Fraser, 30 Fraser and 3765 St. Clair. On March 4, 2014, the



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Handelman Mortgagees commenced power of sale proceedings in respect of 140 Queen's Plate. Apart from 78 Tisdale, each of the Handelman Properties was sold by the relevant Handelman Mortgagees in power of sale proceedings.

16. The only Handelman Property to be sold by the Manager was 78 Tisdale. The sale price obtained in respect of 78 Tisdale was sufficient to pay off all of the debt secured against the property and yield net proceeds of \$1,353,152.74.

17. On closing, Messrs. Zimmerman and Wallach asserted that their clients were entitled to payment of legal fees totalling \$13,326 with respect to efforts to realize on the mortgage registered against 78 Tisdale and \$267,116 relating to their representation of their clients in connection with these proceedings. The Handelman Mortgagees asserted that all of these fees should be paid from the proceeds of 78 Tisdale. The Manager did not agree, since the effect of this allocation would be to relieve the mortgagees with interest registered against the other properties of any obligation to pay legal fees that they had incurred.

18. 3765 St. Clair was also sold for a price that was sufficient to allow the mortgagees with an interest in the property to recover all amounts due under the mortgage. The mortgage on 140 Queen's Plate was also paid in full.

19. Unfortunately, the sale of the Fraser Properties did not generate sufficient sale proceeds to pay the mortgage in full. Accordingly, the mortgagees with an interest in the Fraser Properties will not be able to recover the legal fees allocated to the Fraser Properties.

20. Despite this, the Manager's view is that some portion of the legal fees incurred in connection with all of the Handelman Properties should be allocated to the Fraser Properties.

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The Handelman Mortgagees, through their counsel, disagreed and asserted that all of the legal fees should be paid from the proceeds of 78 Tisdale.

21. In order to allow the Manager to complete its mandate efficiently, 25% of the disputed legal fees have been paid from each of 78 Tisdale, 140 Queen's Plate and 3765 St. Clair. Accordingly, 75% of the relevant fees have been paid and 25% of those fees remain outstanding. The Handelman Mortgagees now seek to allocate all of their fees to 78 Tisdale. It is not clear what (if any) effect this would have on the amounts already paid from the proceeds of 140 Queen's Plate and 3765 St. Clair.

### **III. The effect of the relief sought on the Applicants**

22. Each of the Handelman Mortgages was funded by a different syndicate of investors. The investors in the Fraser Mortgage and the Tisdale Mortgage are not identical. In fact, only two investors funded both mortgages.

<b>Tisdale Investors</b>	<b>Fraser Investors</b>
E Manson Investments Limited	E Manson Investments Limited
B&M Handelman Investments Limited	B & M Handelman Investments Ltd.
5 k Investments Inc.	Dan Realty Inc.
Yerusha Investments Inc.	Reiter International Limited
National Tire Sales and Service (2011) Ltd.	Forman, Ann
Natme Holdings Ltd.	1060400 Ontario Inc.
Teperman, Marvin	270379 Ontario Ltd.
Maxoren Investments Inc.	Loutan Richmond Inc.
Sheilaco Investments Inc.	
Gordon, Errol	
Southern Atlantic Service	
Pepper, Elaine	

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Tisdale Investors	Fraser Investors
558678 Ontario Limited	

23. The Tisdale Investors have been repaid principal and interest on the Tisdale Mortgage. The Fraser Investors suffered a loss on the Fraser Mortgage. Since 30 Fraser was sold for a price that was insufficient to repay the Fraser Mortgage in full, no proceeds are available to pay legal fees relating to 30 Fraser. If the relief sought by the Handelman Mortgagees is granted then fees incurred for the benefit of the Fraser Investors will be paid using the proceeds from 78 Tisdale.

24. If this benefit is conferred on the Fraser Investors, the corresponding loss will be suffered by the Applicants. For the reasons described below, the Applicants will be entitled to the remaining proceeds from 78 Tisdale if those funds are not awarded to the Handelman Mortgagees.

25. 78 Tisdale was owned by Tisdale Mews Inc. ("**Tisdale**"). At the outset of this proceeding, the Applicants owned 50% of the shares of Tisdale. The Waltons purported to own the other 50% interest.

26. However, 78 Tisdale is, like all of the other Schedule "B" Properties, subject to the Judgment of Justice Brown dated August 12, 2014. Pursuant to that Order, the Waltons' shares are limited to those for which they actually paid and any other shares are to be cancelled. The practical effect of this was that most or all of the Waltons' shares in the Schedule "B" Companies were cancelled. Tisdale was no exception. In its second supplemental report to the Twenty-Second Report, the Manager concluded that the Applicants were entitled to 100% ownership in Tisdale.



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27. The Manager conducted a claims process in respect of Tisdale and all creditor claims have been resolved. Accordingly, if the Handelman Mortgagees' motion is dismissed, the funds held in trust will be available to pay the Applicants.

#### **IV. Statements made by Mr. Zimmerman**

28. In his affidavit sworn May 19, 2017, Mr. Zimmerman describes certain facts relevant to this motion. The Manger's response to some of Mr. Zimmerman's evidence is described below.

29. At paragraph 15 of Mr. Zimmerman's affidavit, Mr. Zimmerman states that the Order of Justice Newbould dated November 5, 2013 affected 9 mortgages granted by the Handelman Mortgagees and two mortgages granted by another client, Martha Sorger. This is not correct. Justice Newbould's November 5, 2013 Order only affected the four Schedule "B" Properties described above. The remaining properties described by Mr. Zimmerman were not part of the Manager's mandate until the Judgment of Justice Brown dated August 12, 2014. These properties are not relevant to the fees in dispute on this motion.

30. At paragraphs 49-51 of his affidavit, Mr. Zimmerman asserts that the Handelman Mortgagees' power of sale proceedings "enriched" the Manager. The Manager does not agree with this characterization. The Handelman Mortgagees (and Sorger) enforced their mortgages, as they were entitled to do. As part of these enforcement proceedings, Mr. Wallach and Mr. Zimmerman charged substantial legal fees and these fees were paid from sale proceeds. These fees are summarized in **Appendix "A"**. There is no evidence that the Handelman Mortgagees achieved more, or charged less, than the Manager would have if it had sold the properties.

31. At paragraph 65 of his affidavit, Mr. Zimmerman asserts that the "same work" was going to be required whether he and Mr. Wallach were retained to address one property or two



- 9 -

properties. This is not necessarily correct. The Manager's experience in this proceeding was that mortgagee involvement – and the legal fees associated with that involvement – varied significantly. In general, mortgagees with more money at stake tended to participate more actively in these proceedings and incur larger fees. This is significant because, if the relief sought by the Handelman Mortgagees is granted, then fees totalling \$282,739 will be allocated to the \$3 million Tisdale Mortgage.<sup>2</sup> In the Manager's view, these costs are likely disproportionate to the size of the mortgage and the risk that the Handelman Mortgagees would not be paid in full. In addition, as described in the Manager's 9<sup>th</sup> Report (which is attached as **Appendix "B"**), 78 Tisdale was already subject to an Agreement of Purchase and Sale when the Manager was appointed, so the risk of loss to the Tisdale Investors was relatively low.

32. At paragraphs 65 and 66 of his affidavit, Mr. Zimmerman describes why he and Mr. Wallach did not keep separate dockets by property during the initial period. This appears to be a mischaracterization of the Manager's position. The Manager has never asserted that the Handelman Mortgagees should have tracked all of its time by property. What the Manager has said consistently is that the legal fees incurred during the initial period should be allocated between the properties in some principled manner. The Manager has always been prepared to consider alternatives to an uneven division of fees among the properties, but was not prepared to support an allocation that appeared to be driven by the Handelman Mortgagees' interest in recovery rather than any principled basis.

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<sup>2</sup> As noted above 75% of these fees have already been paid, so this dispute relates to the remaining 25%, which totals \$70,684.

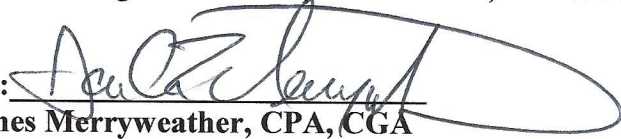
- 10 -

All of which is respectfully submitted this 14<sup>th</sup> day of June, 2017.

**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.

- 14 -

### **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

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 June 19, 2017)*

**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**

**W**



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	MONDAY, THE 19 <sup>TH</sup>
	)	
JUSTICE CONWAY	)	DAY OF JUNE, 2017

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.

Respondents

and

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

**ORDER**

**THIS MOTION**, made by the Schedule "B" Mortgagees E. Manson Investments Limited, 5 K Investments Inc., Yerusha Investments Inc., National Tire Sales and Service (2011) Ltd., Natme Holdings Ltd., Marvin Teperman, Maxoren Investments Inc., Sheilaco Investments Inc., Errol Gordon, Southern Atlantic Service, Elaine Pepper, B. & M. Handelman Investments Limited and 558678 Ontario Limited (collectively, the "Handelman Mortgagees"), for an order that their legal fees, as reflected in their May 15, 2014 Discharge Statement for 78 Tisdale Avenue, Toronto, be paid in their entirety from the proceeds of sale of 78 Tisdale Avenue, Toronto, was heard this day at 330 University Avenue, Toronto.



**ON READING** the Notice of Motion, the Affidavit of Lawrence Zimmerman affirmed May 19, 2017 and exhibits thereto, the Forty-Eighth Report of the Manager dated June 14, 2017, the Compendium of the Applicants dated June 16, 2017 and on consent of counsel for the Handelman Mortgagees, the Manager and the Applicants:

1. **THIS COURT ORDERS** that the balance of funds held in trust by the Manager from the proceeds of sale of 78 Tisdale Avenue, Toronto, be distributed as follows:

- (a) The sum of \$14,136.98 payable to the Handelman Mortgagees or whomsoever they may direct – representing an increase of the Handelman Mortgagees' legal fees allocated to 78 Tisdale Avenue, Toronto from 25% to 30% and a decrease of the Handelman Mortgagees' legal fees allocated to 7-23 Fraser Avenue, Toronto from 25% to 20%; and
- (b) The remaining balance of funds payable to the Applicants or whomsoever they may direct.

2. **THIS COURT ORDERS** that each party bear their own costs of this motion.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

JUL 20 2017

PER / PAR:



The Honourable Justice Conway  
**Angelique Palmer**  
Superior Court of Justice

JUL 20 2017

**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

**ORDER**

**Wallach Lawyers**  
Barristers and Solicitors  
302-4580 Dufferin St  
Toronto ON M3H 5Y2

**Lawrence F. Wallach (24289A)**  
Tel: (416) 661-5600  
Fax: (416) 663-4424  
Email: wallach@wallach.ca

Lawyers for the Handelman Mortgagees

**X**

# AGREEMENT

Between:

Dr. Bernstein Diet Clinics Ltd.

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Twin Dragons Corporation

the "Company"

WHEREAS Bernstein and Walton intend to purchase 241 Spadina Avenue, Toronto, Ontario (the "Property") on or about October 14, 2010 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whomever Bernstein and Walton may direct, will each hold 1,120,500 shares in the Company;

AND WHEREAS Bernstein and Walton will each provide the sum of \$1,120,500 to The Company for the purposes of purchasing, renovating, leasing and refinancing the Property (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the proposal attached as Exhibit "A" to this Agreement;

THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on October 14, 2010.
2. Walton has commenced pre-planning for the property renovations, to begin immediately after closing.
3. Walton intends to purchase, renovate, lease and refinance the Property between now and September 30, 2013 in accordance with Exhibit "A".

4. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity required to complete the Project. The Company will issue sufficient shares such that Bernstein has 1,120,500 and Walton has 1,120,500 voting shares of the same class.
5. The ownership of the Company will be as follows:
  - a. 50% to Bernstein; and
  - b. 50% to Ron and Norma Walton as they may direct or alternatively to be held by a completely Walton-owned and controlled company.
6. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
7. Walton has already provided \$300,000 as a deposit to purchase the Property. Bernstein will provide to the Company the sum of \$1,120,500 on or before October 14, 2010. Walton will provide a further \$820,500 to the Company in a timely manner as required as the Project is completed.
8. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$1,120,500 each that is required to complete the Project, if any, in a timely manner.
9. In addition to managing, supervising and completing the Project, Walton will be responsible for renovation of the Property, hiring of all trades, payment of all trades, advertising for tenants, hiring designers and architects and engineers to complete the project, finance, bookkeeping, office administration, accounting, information technology provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".
10. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning refinancing or selling the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval; and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.
11. Walton will provide to Bernstein the cost consultant's initial report analyzing the Project budget and timelines as soon as received by Walton but no later than October 10, 2010. Walton will subsequently provide a written report to Bernstein each month detailing the following:
  - a. the cost consultant's report for that month indicating progress to date and cost to complete with copies of invoices for work completed;
  - b. the bank statement for that month; and

- c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.

At Bernstein's request, Walton will provide whatever other back-up information he requests.

12. Once the Project is substantially completed to the point that a refinancing can be arranged, Bernstein may in its sole discretion opt to be paid out his capital plus profits in exchange for surrender of his shares in the Company. If Bernstein so opts, Walton would retain the property. The value of the property will be determined by taking the net income for the Property once it is fully leased and applying a capitalization rate of 7.5% to that net income, resulting in an end value for the Property once completed. If the end value obtained based on that process results in a value that one of the parties believes is not reasonably indicative of the actual value, then the parties will discuss and attempt to agree upon a value for such purchase and sale and failing such agreement, submit to mediation as set out in the within agreement. In accordance with the provisions of the within paragraph, payment to Bernstein shall be made immediately upon the completion of the refinancing of the Project.
13. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. If Bernstein opts to be paid out of the Project and thus surrenders his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and the Project and the Property.
14. Walton will provide a statutory declaration confirming the current status of the Company and that it is free and clear of all liabilities and obligations whatsoever and shall provide an Indemnity relating thereto to Bernstein prior to October 15, 2010. The Company will only be used to purchase, renovate, lease and refinance 241 Spadina Avenue, Toronto, Ontario or such other matters solely relating to the Project and the Property.
15. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.

16. The above represents all deal terms between the parties.

Dated at Toronto, Ontario this 24<sup>th</sup> day of SEPTEMBER 2010



Dr. Bernstein Diet Clinics Ltd.  
Per A.S.O.



Twin Dragons Corporation  
Per A.S.O.



Ron Walton



Norma Walton



## APPENDIX "A"

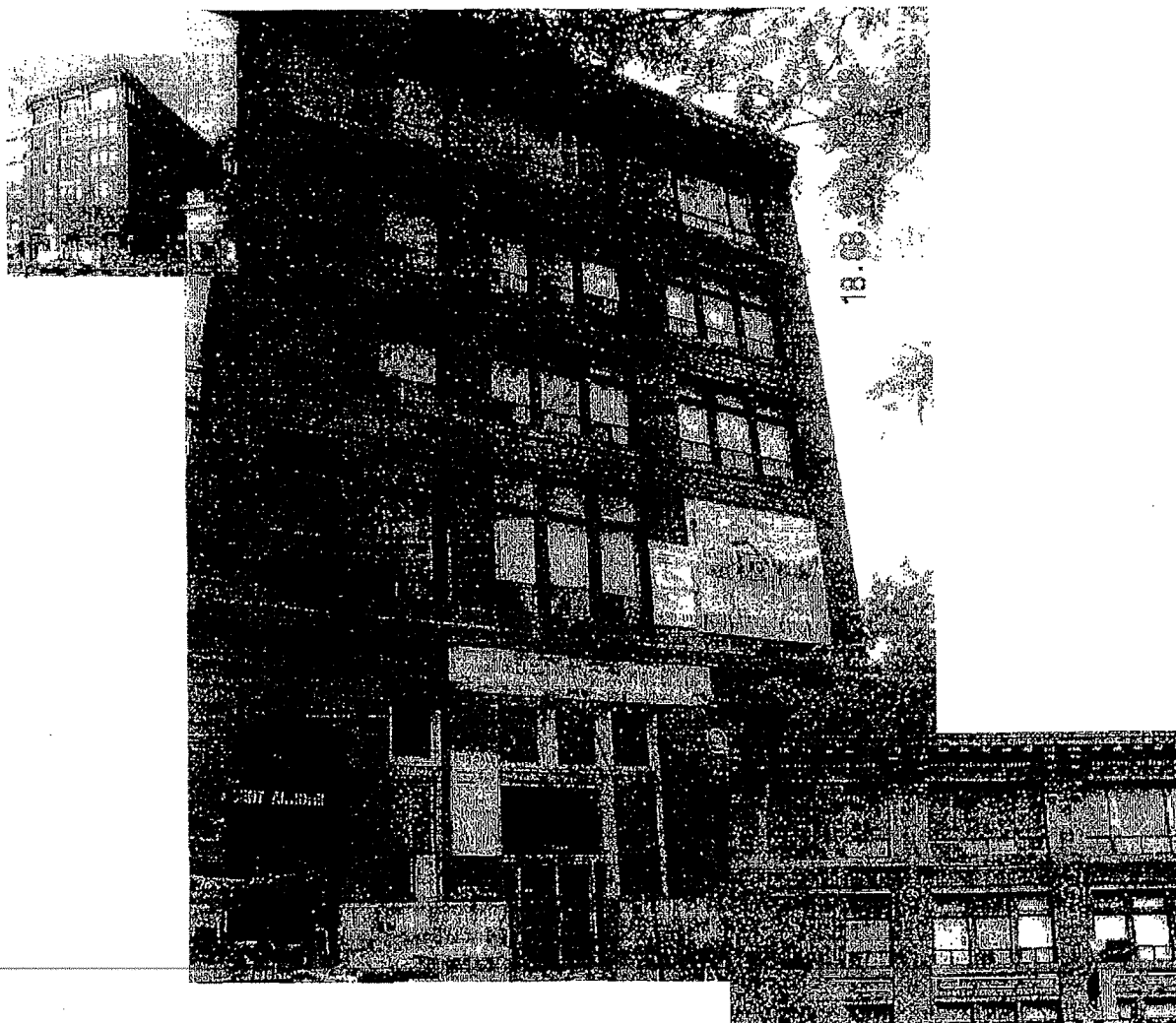


## THE ROSE and THISTLE GROUP LTD.

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30 Hazelton Avenue, Toronto, Ontario, M5R 2E2, (416) 489-9790 Fax: (416) 489-9973

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Investment Opportunity

241 Spadina Avenue

September 16, 2010

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**SECTION A:****1. THE OPPORTUNITY**

The opportunity is to purchase 50% of the equity in Twin Dragons Corporation, a Rose and Thistle company that was formed to own 241 Spadina Avenue. 241 Spadina is a five storey heritage building originally built in 1910 for The Consolidated Plate Glass Company of Toronto. Situated between Dundas and Queen in the south end of Toronto's Chinatown, it comprises 42,000 square feet including basement and each floor is approximately 7,000 square feet. It has frontage on Spadina of 50 feet and is 140 feet in depth, backing onto a municipal laneway.

Rose and Thistle has been pursuing the acquisition of this property for the past five months. Initially there were ten bidders for this building and the building to the north, both being offered under power of sale through a Chinese bank. After much persistence, we convinced the vendor bank to sell 241 Spadina to us at very close to the original price we offered. It is a perfect project for Rose and Thistle's skill set, and is almost identical in project scope to 86 Parliament at Adelaide. 86 Parliament, known as The Old Telegram Building, is a 20,000 square foot heritage building that we successfully renovated between July 1, 2009 and June 30, 2010 and that is now fully leased.

We project the investment will earn a straight-line return of 99% within three years, resulting in a 25.8% compounded annual return. The plan is to complete our pre-construction planning between now and October 17, then to begin demolition followed by a gut renovation of the entire building. Once we have a floor to show to prospective tenants, we will advertise the space for lease and will build out the space for the tenants we attract, to their specifications. The project will end once the building is fully renovated and leased and we have refinanced and paid you out your capital plus profits. We anticipate this will occur within three years.

Unlike investments in stocks and bonds, carefully selected and well-located income properties have value secured by physical assets. Commercial buildings are also not subject to the wide fluctuations common to stock markets and when properly managed provide reliable, above average returns on investment.

*Building detail*

## 2. THE INVESTMENT PARTICULARS

The details of the opportunity are as follows:

What:	Common shares in Twin Dragons Corporation
Investment Amount:	\$1,120,500
Commencement date:	Before September 30, 2010
Capital appreciation and return:	Common shareholders will receive back their capital and profits in proportion to their ownership
Term:	36 months to September 30, 2013

The total capital is \$8.541 million, being \$6.3 million from mortgage, and the balance of \$2,241,000 from equity shareholders. The capital structure is as follows:

Total Capital Required:			\$	8,541,000
Mortgage:	73.76%	8.43%	\$	6,300,000
Dr. Bernstein:	13.12%		\$	1,120,500
Ron and Norma Walton:	13.12%		\$	1,120,500

*The building as it should look once we are completed renovations*



**SECTION B:****1. THE PROPERTY**

241 Spadina Avenue is located at the south end of Chinatown. Chinatown is changing rapidly, with many of the Chinese that traditionally lived and worked there moving to Markham and the Pacific Mall area. As a result, the Chinese markets and stores are slowly being replaced with upscale coffee shops and funky office users. A perfect example is directly north of 241 Spadina. Whereas for the past ten years there has been a sprawling Chinese grocery store in that building, encroaching onto the frontage of 241 Spadina and spilling onto the sidewalk with their wares, that grocery store's lease has been terminated and the new owners are in the midst of renovations to that space. It is likely the new tenant will not be Chinese.



*View from the roof looking east at the OCAD building*

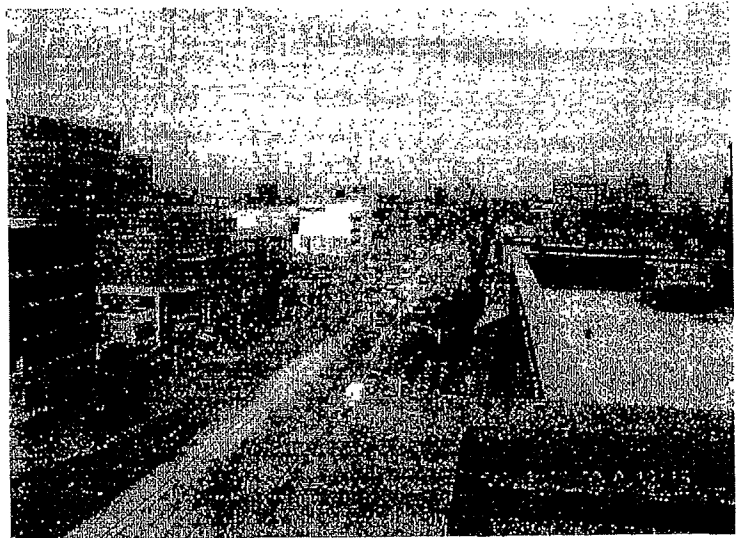
*View from the roof looking south to the lake*





*View from the rooftop to the east looking onto the rooftops of the houses adjacent the laneway*

*View from the rooftop looking north up Spadina Avenue*



The property was previously a hotel which was shut down by the city because the property is not zoned for a hotel. The property is zoned for commercial and residential use. Our plan is to make it 100% commercial on floors two to five, and retail at ground level and lower level.

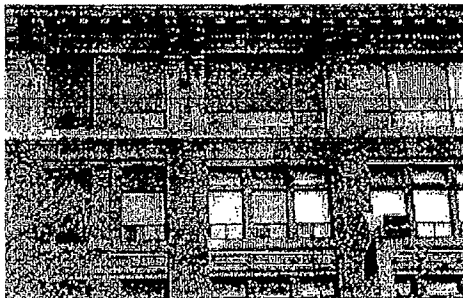
Built in 1910 and substantially renovated in 1982, the property was built for the Consolidated Plate Glass Company of Toronto. It has intricate detailing on the exterior façade in front, including flowers and coats of arms. It has the potential to be an absolutely stunning building once cleaned up. The interior will offer tenants "loft" space with exposed brick and character in contrast to the more traditional office buildings on offer.

The building is vacant save for the bank who owned the property through power of sale occupying the retail level. They have leased their space for \$50 per square foot gross, resulting in net rent of \$36 per square foot.

*The bank's retail frontage on Spadina*



*How the building should look once renovated and restored*



## 2. THE PLAN

The plan, given Rose and Thistle's experience with similar buildings in its portfolio, is to gut renovate the property, taking it down to its shell, replacing all the systems with new, replacing or renovating and retrofitting the two elevators, one passenger and one freight, then building spaces out to suit the tenants we attract. Once that is completed, we will refinance the property and pay out your capital and profits and Rose and Thistle will keep the building as an income property. The following steps will be implemented to achieve this objective:

1. Have already begun pre-construction planning:

- a. engaged our architect and engineers to begin preparing drawings;
- b. apply for building permits;
- c. arrange for our trades to provide quotes for the work required.

Timeline: 2 months to October 17, 2010

2. As of October 18, roll out construction as follows:

- a. begin demolition;
- b. assess elevator and prepare drawings for retrofit or new;
- c. begin rough-ins for new HVAC, plumbing, electrical and fire sprinkler systems;
- d. replace roof, windows, skylights;
- e. install steel and repair/sand blast brick where required;
- f. install drywall, paint and flooring; and
- g. create show suite to begin leasing process.

Estimated timeline: 12 months to October 18, 2011

3. Advertise for lease and as tenants contract with us, build out their spaces;

Estimated timeline: 12 months to October 18, 2012

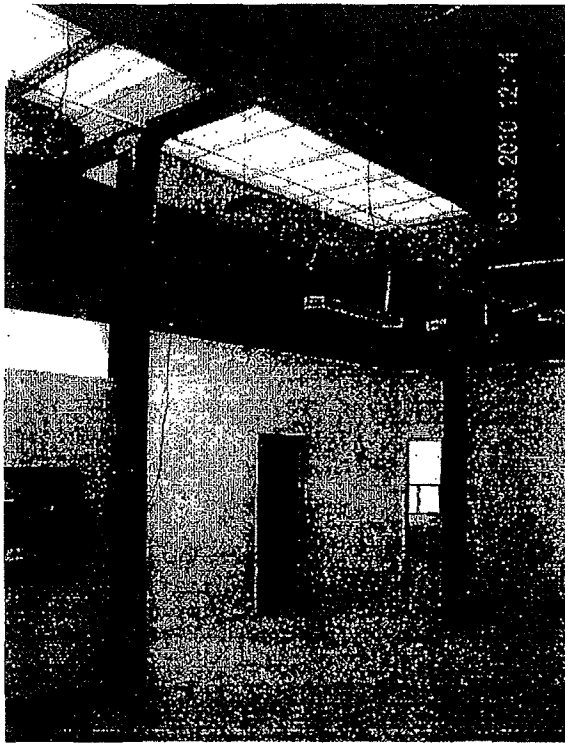
4. Refinance and pay out capital and profits to investors.

Estimated timeline: Immediately thereafter

CONTINGENCY: 10 months

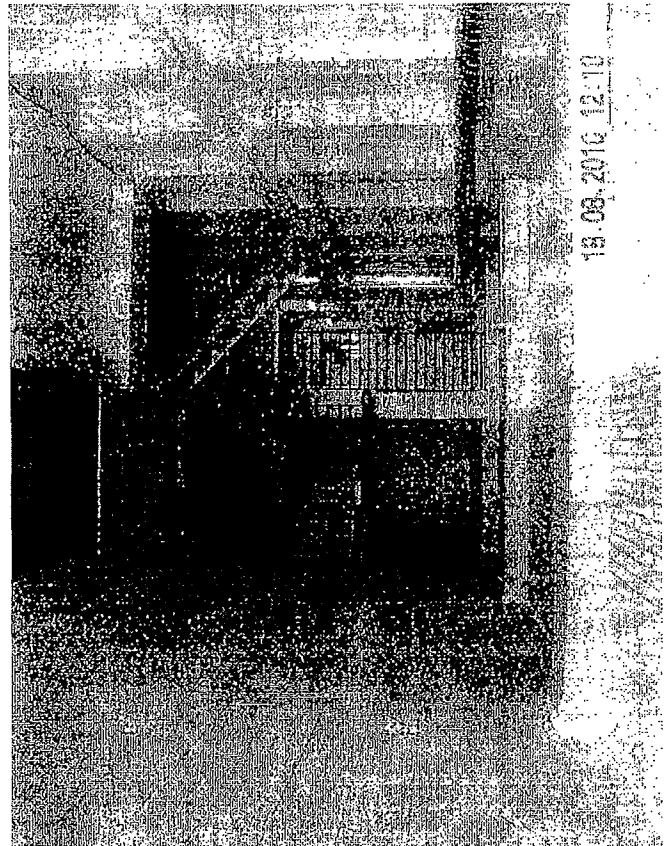
Total project timeline: 36 months including contingency



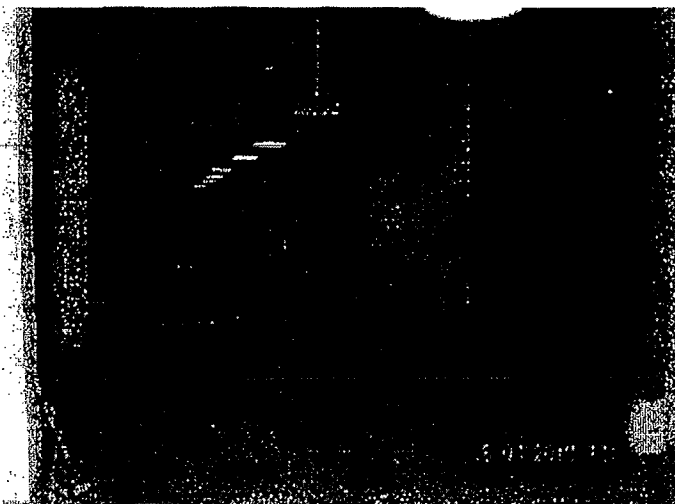


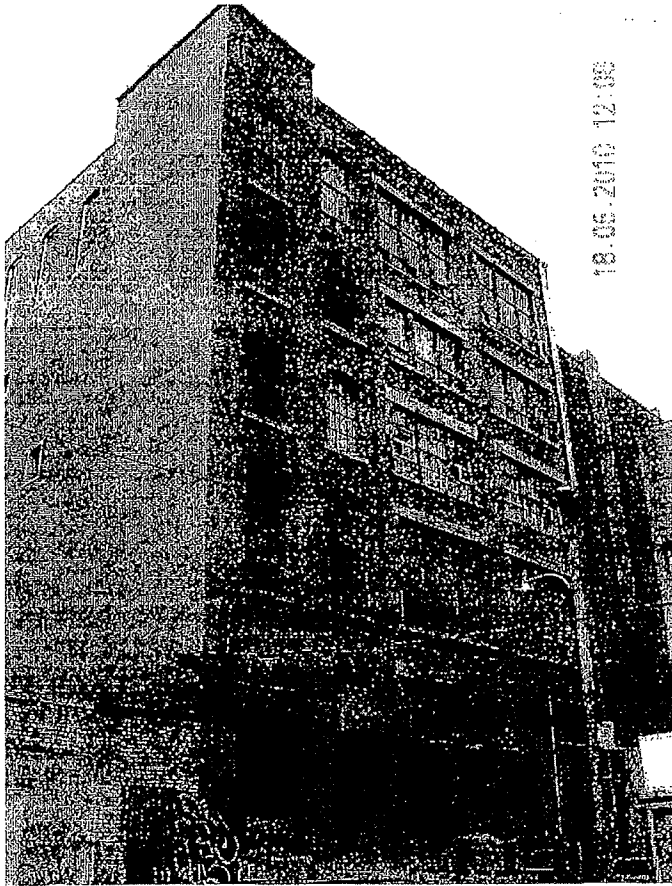
*Fifth floor with 17 foot ceilings and skylights from roof*

*First floor with mezzanine, with 20 foot ceilings once mezzanine is removed*



*Second floor with 15 foot ceilings, which will be incredibly bright once opened up to the light from the large windows in front and back and along the side*





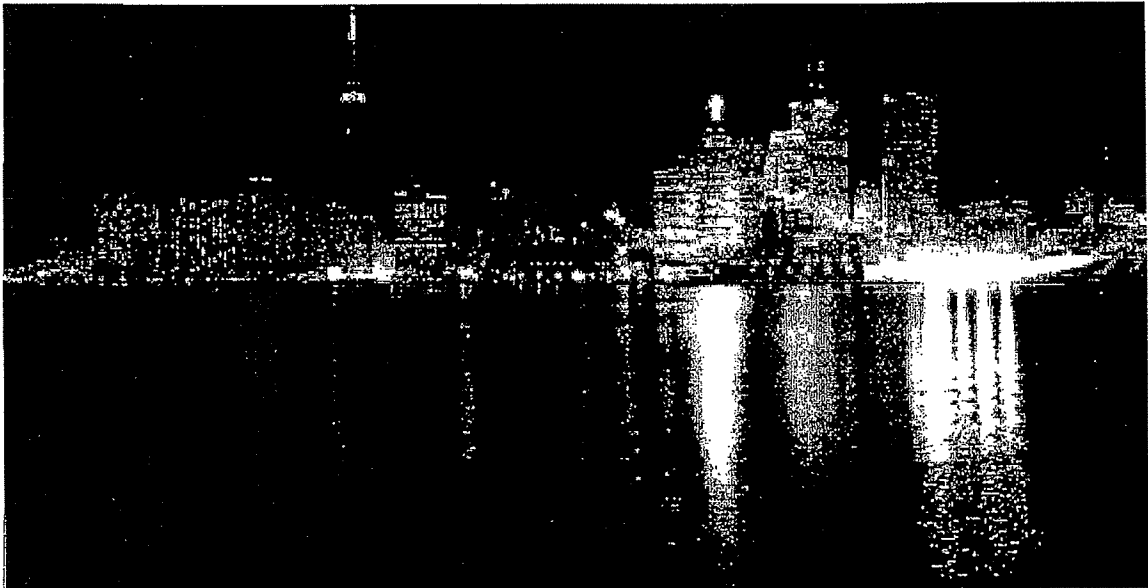
*Back of building as it currently looks, with freight elevator to be retrofitted on the bottom left hand side*

*South corner of building with neighbour to south set back, giving good exposure for our building*



**SECTION C:****INVESTING IN TORONTO**

A continental gateway and a crossroads for the world, Toronto is Canada's business capital. It ranks alongside economic powerhouses such as New York, Boston and Chicago. Toronto is annually rated as the most multi-cultural city in the world by the United Nations. Canada accepts approximately 300,000 new immigrants every year, and 43% of all immigrants to Canada settle in the Greater Toronto Area. This results in an annual population increase of more than 100,000 people. As a result, the demand for both residential and commercial real estate is strong and demographic trends strongly suggest that such demand will remain robust.

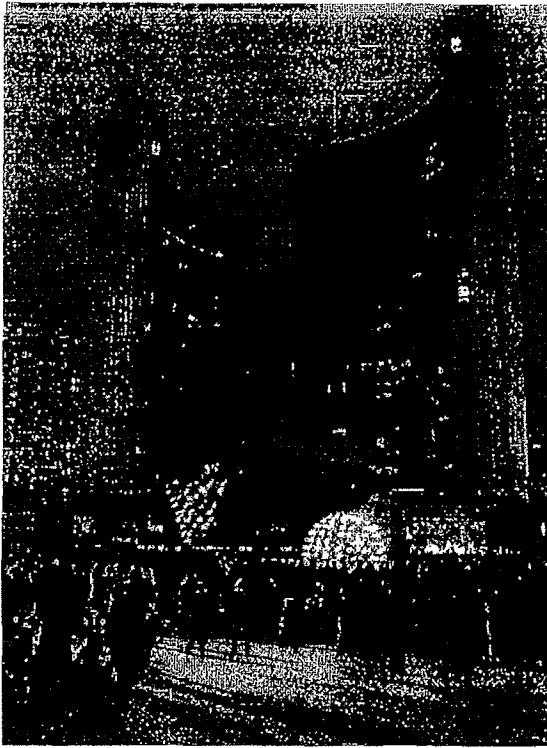


Toronto boasts a stable economic and political climate. Toronto commercial real estate has attracted worldwide investors, particularly from the United States, Great Britain, Israel and Germany. It has one of the five most diversified economies of any city-region in North America, and consistently ranks with Boston and Chicago as one of the best business cities in North America.

**Population**

With 2.7 million residents, Toronto is the 5th largest city in North America. One-quarter of Canada's population is located within 160 km (100 mi.) of the city and more than 60% of the population of the USA is within a 90-minute flight.





### Economy

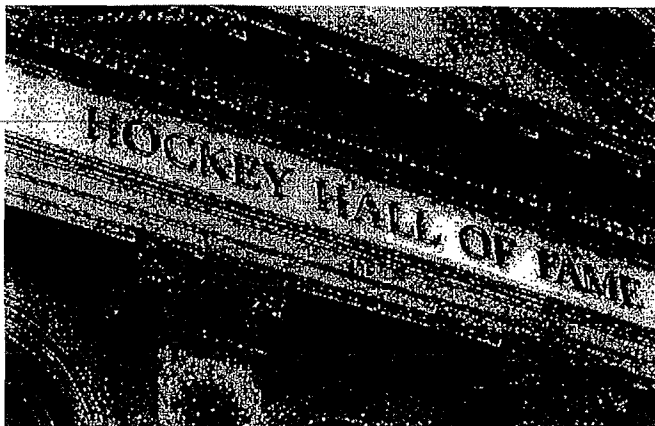
The City of Toronto's economy comprises 11% of Canada's GDP, with Toronto's GDP topping \$140 billion in 2009. Toronto-based businesses export over \$70 billion in goods and services to every corner of the globe with retail sales of \$47 billion annually.

### Capital

Five of Canada's six largest banks have their headquarters in Toronto, near the country's busiest stock exchange. Toronto is North America's third largest financial services centre and 75% of Canada's foreign banks and 65% of the country's pension fund companies are located here.

### Competitive

Toronto has an excellent reputation as one of North America's leading economies while at the same time delivering overall business cost savings of 6.5% over large U.S. cities and 12.2% when compared to Asian and European centres.

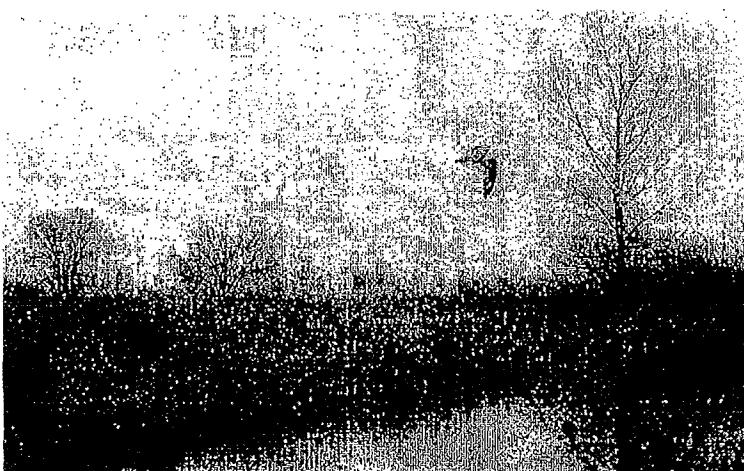


### Workforce

Toronto's more than 76,000 businesses choose from a large, highly skilled, multilingual workforce of 1.4 million people - one-sixth of the country's labour force. More than 800,000 workers have university or college training and 58% have earned a post-secondary degree, diploma or certificate. Residents speak more than 135 languages and dialects.

### Education

Toronto's impressive range of post-secondary educational facilities includes three universities and five colleges offering training in virtually every discipline and skill. Toronto leads the country in the number of post-secondary schools and graduates, with more than 15,000 medical/biotech researchers, two top-ranked MBA schools and excellent programs in engineering, computer sciences and multi-media.



### Location

Some 180 million customers and suppliers are within a one-day's drive from Toronto. Toronto's Pearson International Airport is within easy reach of the city's central business district and provides flights to over 300 destinations in 54 countries through 64 carriers.

### Connections

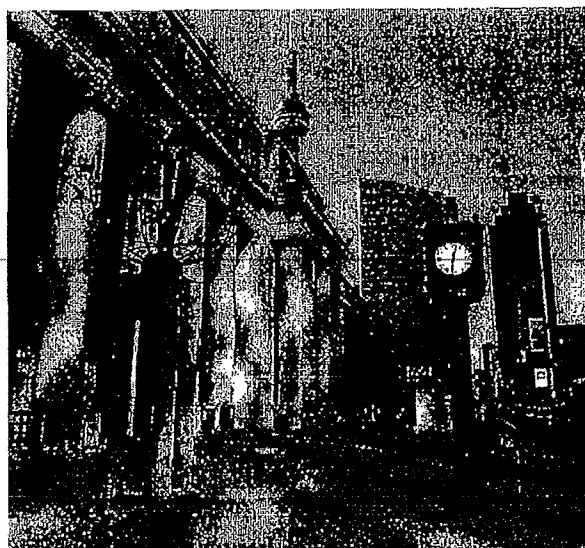
Toronto boasts an expansive local network of consultants, professional firms and specialty suppliers. The business services cluster is among North America's largest and growing. Toronto is home to 9 of Canada's 10 largest law practices, 9 of the top 10 accounting firms and all 10 top human resources and benefits firms.

### Transportation

With four major highways, multi-modal railway facilities, a Great Lakes port and an international airport handling over 30 million passengers and 350,000 tons of cargo annually, Toronto is a true North American gateway.

### Transit

Toronto's public transit system is the second largest in North America and has the highest per capita ridership rate on the continent. More than 2,400 subway vehicles, buses and streetcars make it easy for more than 1.4 million business riders to travel throughout the city daily.



**SECTION D:****THE ROSE AND THISTLE GROUP LTD.****A. EXPERIENCE**

Over the past nine years, The Rose and Thistle Group has owned, managed and developed a total of \$80 million worth of properties, of which \$45 million remain under management and development.

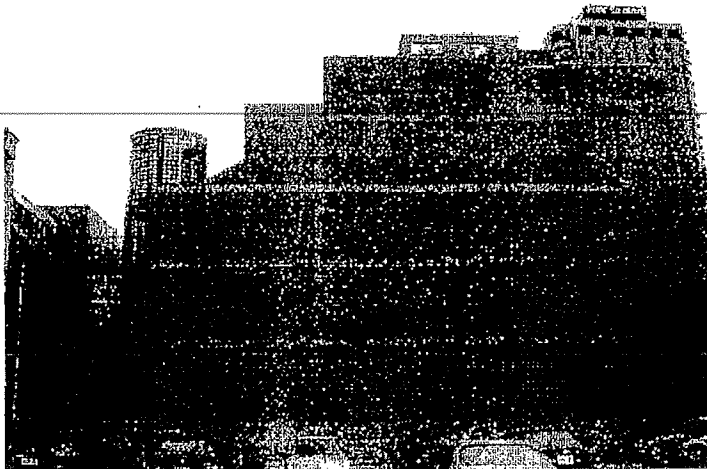
Rose and Thistle is seeking out properties similar to the properties with which it has had success in the past. Since 2001, Rose and Thistle has owned, managed and developed the following properties, thirteen of which it continues to own and two of which it has under contract to purchase.

**Our heritage commercial buildings:****30 Hazelton Avenue**

A heritage building in Yorkville with high-end luxury office and retail tenancies

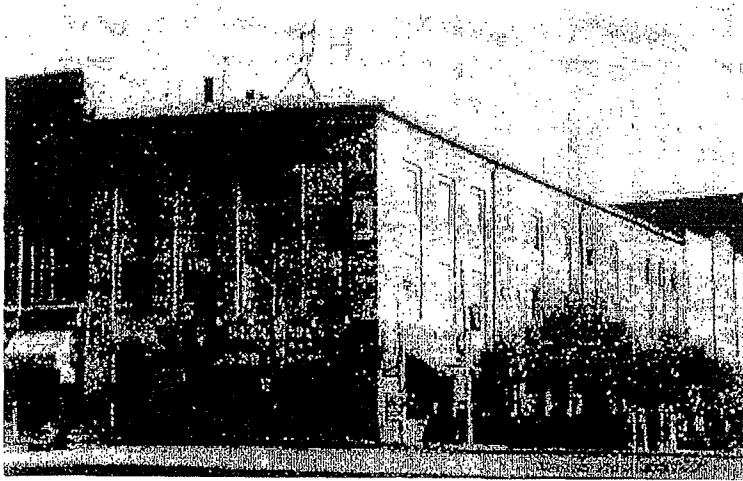
Head office of The Rose and Thistle Group Ltd.

Severed one lot into two and renovated the heritage designated building into four luxury suites

**30A Hazelton Avenue**

A commercial building in Yorkville with high-end luxury office tenancies

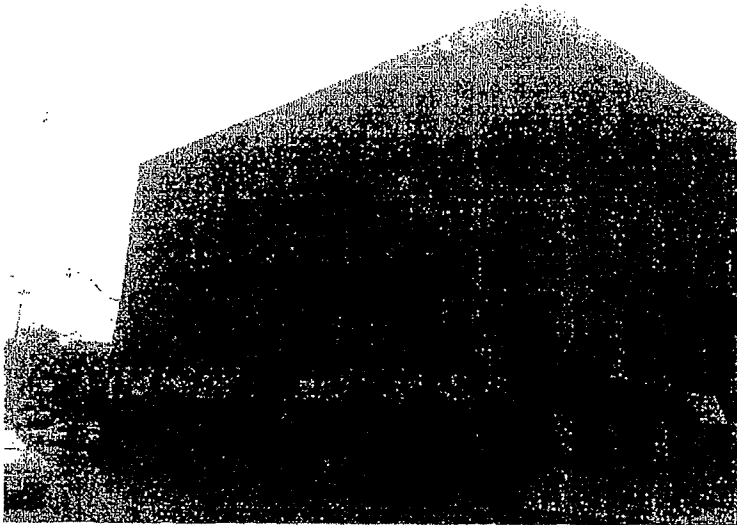
Severed one lot into two and renovated the building into four luxury suites



### **65 Front Street East**

A heritage corner building in Old Town built in the mid-1800s that has loft commercial office space

Renovated this heritage listed commercial loft building; improved the tenant mix, reduced costs, and increased profitability. Obtained approval to add a fourth storey to the building



### **86 Parliament Street**

#### **The Old Telegram Building**

A heritage corner building built in 1887 that used to house The Toronto Telegram, located in Cabbagetown, with retail and commercial space.

Gutted and renovated the property. Opened Urban Amish Interiors Furniture Gallery on floors one and two, and leased floors three and four to Sun Edison.



### **252 Carlton / 478 Parliament**

A heritage corner building in Cabbagetown that has retail and commercial space.

Home to Ginger and Johnny G's restaurants

Currently gutting and renovating the second and third floors to house two new full floor tenants in September 2010.



### 110 Lombard Street

#### The Old Firehall

Toronto's first fire hall, built in 1886. The former home of Second City which launched the careers of Dan Ackroyd, John Candy, Mike Myers, Gilda Radner, Martin Short, etc.

Currently leased to Gilda's Club



### 66 Gerrard Street East

Toronto's original apothecary, built in the 1880s, this beautiful building kitty corner Ryerson is currently under renovation by us to accommodate Starbucks as our anchor corner retail tenant. We are also installing an elevator and renovating the building generally while

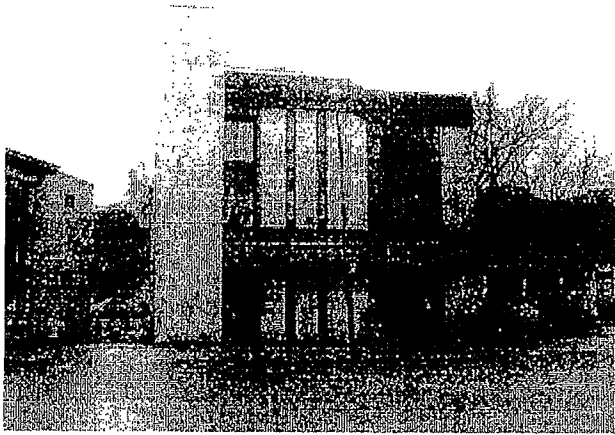
accommodating our existing tenants.



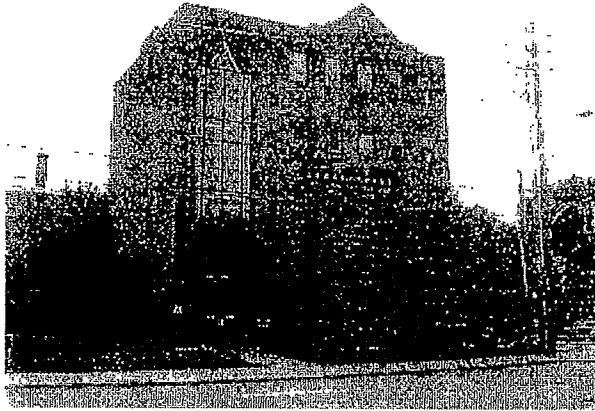
### 24 Cecil Street

A stunning corner property south of the University of Toronto that we have under contract to purchase and renovate



**Our commercial buildings:****185 Davenport Road**

Fully converted an office building into five mixed use residential and commercial condominium suites and sold them.

**355 Eglinton Avenue East**

Commercial building, renovated for re-sale.

**1246 Yonge Street**

Commercial building converted to condominiums

Converted this office building into 28 mixed use condominiums, plus expanded the underground parking garage and then sold all 28 units.

**17 Yorkville Avenue**

Commercial building converted to  
condominiums

Converted this office building into six mixed use  
luxury condominiums then sold all six units

**10-12 Bruce Park**

Mixed-use building

Entered into an agreement to purchase this  
building then sold that right to another  
purchaser for a profit.

**Our residential apartment buildings:****19 Tennis Crescent**

An 8-plex in Riverdale

Renovated five of the suites and significantly increased annual revenues when they were re-leased. Are renovating other suites as they become available

**646 Broadview Avenue**

A 13-plex in Riverdale

Fully converted a  
heritage-designated mansion into  
thirteen residential rental units.

**648 Broadview Avenue:**

A 10-plex in Riverdale

Renovated five of the  
suites and significantly increased  
annual revenues when they were re-leased.  
Are renovating other  
suites as they become  
available

**Our infill residential housing:****78 Tisdale**

Bought a vacant 1.5 acre parcel of land in North York; are completing all steps required to permit the construction of 40 townhouses which we will then build.

**3771 and 3775 St. Clair Ave. E.      17 luxury townhouses**

Bought a vacant 2/3 acre lot and completed all planning and development steps required to obtain approval to build 17 luxury townhouses on the site, then constructed and sold all seventeen to individual purchasers

**346 Jarvis      6 luxury townhouses**

Bought six partially completed townhouses and completed all planning and development steps required to sever and construct for sale; two remaining for sale



### 232-234 Galloway Road

Bought vacant land and are building sixteen townhouses for sale.

### 247 and 251 Ranee Avenue 7 luxury townhouses

Bought a vacant 2/3 acre lot and obtained approval to build seven houses on the site before selling the site to Toronto Community Housing Corporation.

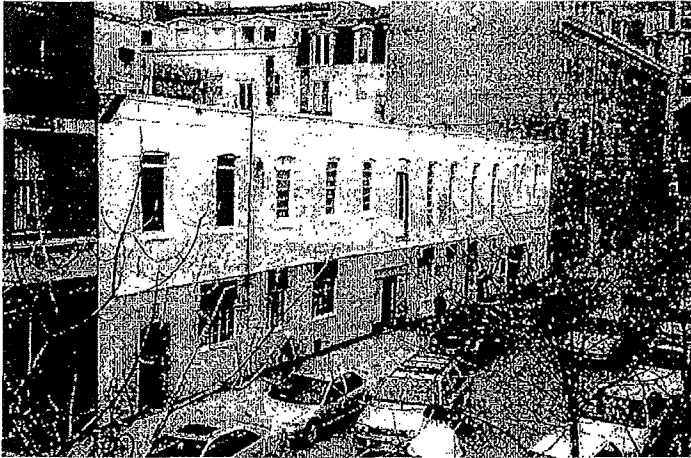


### 14 and 16 Montcrest Blvd.

#### 2 luxury detached houses

Severed off two lots from our 646 Broadview property, and built two luxury detached houses and sold both. They have phenomenal views of the Toronto skyline, being just north of Riverdale park.





### 10-12 Market Street

#### Redevelopment site

Obtained approval to build a 10-storey luxury residential and retail condominium building on the site of the original Toronto fish market, a heritage site, before selling this site to another developer

### 9 Post Road

#### Infill housing site

Severed one lot into two and obtained approval and a building permit to construct a luxury mansion in the Bridle Path neighbourhood in Toronto, before selling the site to a builder. Note: photo is of the house we had approved. Builder built his own style.



### 118 and 120 Isabella

#### Mixed use houses

Renovated two houses for profitable resale

### 2 Park Lane

#### Infill housing site

Severed one lot into two and renovated the house on the property before selling the site to a builder. Note: photo is of the house we had approved. Builder built his own style.



## 2. HISTORIC RETURN ON INVESTMENT

Since 2001, the Rose and Thistle Group Ltd. has achieved impressive compounded annual returns.

Average Return by property*		
Property	Compounded annual return	Timeline
17 properties in Toronto	26.20%	7 years
* outlier removed; outlier skews returns up to 70.83% compounded annually		

The properties are listed from our highest compounded annual return to our lowest. We have thus far never lost money on a project.

Property	Compounded annual return	Timeline
10-12 Bruce Park	785.00%	2 months
19 Tennis Crescent	104.00%	6 months
118 and 120 Isabella	84.75%	1 year
185 Davenport Road	36.36%	6 years
30A Hazelton Avenue	33.51%	7 years
646 Broadview Avenue	26.48%	4 years
30 Hazelton Avenue	25.16%	7 years
65 Front Street East	21.90%	2 years
355 Eglinton Avenue East	18.00%	9 months
1246 Yonge Street	16.87%	3 years
17 Yorkville Avenue	13.50%	3 years
247 and 251 Rance Avenue	10.00%	5 years
14 and 16 Montcrest Blvd.	8.00%	4.5 years
9 Post Road	7.00%	3 years
2 Park Lane	7.00%	3 years
3771 & 3775 St. Clair Ave. E.	4.50%	5 years
10-12 Market Street	2.11%	2 years

## 3. MISSION STATEMENT

The mission of Rose and Thistle Investments is to identify, acquire, manage and develop under-utilized commercial, residential and mixed-use buildings and vacant land that have the potential, when the requisite amount of time, skill and capital are applied, to achieve an above average return and provide our tenants and purchasers with homes or offices of which they are proud.

#### 4. INVESTMENT CRITERIA AND STRATEGY

Rose and Thistle reviews potential acquisitions using an investment criteria which focuses primarily on return on equity, security of cash flow, potential for capital appreciation and the potential to increase value by more efficient management, including accessing capital for expansion and development.

We are “sticking to our knitting” by seeking opportunities similar to the properties with which we have had success in the past, namely the following three types of investments:

1. Medium-size commercial and mixed-use buildings that are well-located and well built where there is the possibility to:

- a. sever off a portion of the land for redevelopment or to create multiple parcels where there is currently one;
- b. subdivide the building into condominiums;
- c. add onto or renovate the existing building; and/or
- d. change the tenant mix and create operating efficiencies;

2. Medium-size apartment buildings that are well-located and well-built where there is the potential to:

- a. sever off a portion of the land for redevelopment;
- b. add onto the existing building; and/or
- c. update the suites, improve the building, and thus change the tenant mix and increase rents; and

3. Medium size residential housing and development sites where the land is well-located.

We are prudent investors who apply rigorous criteria when evaluating each potential real estate opportunity.



## 5. SERVICES

### i. Real estate acquisition, disposition and financing

- Acquisition and syndication of residential, commercial, and retail real estate
- Assistance with property ownership transition that capitalizes on value created
- Research, investment analysis, due diligence, market and value assessment
- Financing and re-financing
- Access to capital through our network of contacts

### ii. Construction and development

- Project management of re-developments, renovations and new developments for residential, commercial, and retail properties in urban and suburban markets
- Expertise in planning, obtaining zoning approvals, construction management, and operation start-up
- Experience working with government and regulatory agencies, business community leaders and investors to enhance project success
- Tarion-registered new home builder

### iii. Property management

- Operations and management of multi-unit small to medium commercial, residential and retail properties
- Short-term and long-term strategy to maximize return on investment
- Tenant relationship management through ongoing communications and reporting
- Tenant retention strategy and effectiveness measurement
- Administration of leases to optimize results
- Market research for competitive pricing and positioning
- Maintenance and management of the property
- Twenty four hour on-call emergency repair
- Rent collection and lease enforcement
- On-site staffing, if needed, according to owner approved budget
- Maintenance and capital improvement planning
- Regular property inspections

iv. Leasing Services

- Obtaining tenants
- In-house leasing team with extensive industry contacts
- Advertising vacancies
- Negotiating new and renewal leases
- Marketing strategy to promote properties to prospective tenants and brokers through our network of contacts, Web sites, printed media and other channels of communication

v. Legal and Accounting Support

- Drafting and filing legal documents
- Litigation
- The conversion of commercial rental units to commercial and/or residential condominium properties and the implementation of condominium sales programs
- Zoning, by-law and legislative compliance
- Severance and variance applications
- Representation at municipal zoning, fire, building and by-law hearings
- Insurance management and advice on appropriate coverage
- Centralized accounting and finance functions, including financial statements and audit, accounts receivable, accounts payable, payroll, cash and tax management
- Weekly, monthly or quarterly occupancy and collection reporting
- Weekly, monthly or quarterly financial report
- Annual budget preparation
- Unit turnover costs
- Capital expenditures
- Operating and labour costs
- Revenue
- Partnership distributions as directed

## 6. MANAGEMENT TEAM



**Norma Walton, B.A., J.D., M.B.A.**

Norma is a co-founder of The Rose and Thistle Group Ltd. She has considerable experience in all aspects of residential and commercial real estate, including acquisition, development, property management and financing.

Norma has a Bachelors Degree in French, a Bachelor of Laws Degree and an executive Master of Business Administration Degree all from the University of Western Ontario. She is a member in good standing of the Law Society of Upper Canada and is a licensed mortgage broker in the Province of Ontario. She is a published author and a sought after speaker having given in excess of two hundred speeches and has appeared on both television and radio.



**Ronauld G. Walton, CPIM, J.D., LL.M., M.B.A.**

Ron is a co-founder of The Rose and Thistle Group Ltd. He has a Bachelor of Laws Degree from the University of Western Ontario, a Master of Intellectual Property Laws Degree from York University, a Master of Business Administration Degree from the University of Liverpool, a Diploma in Marketing Management from Centennial College and is Certified in Production and Inventory Management by the American Production and Inventory Control Society.

Ron is a member of the Institute of Corporate Directors and the Law Society of Upper Canada. Ron is a registered trade-mark agent with the Government of Canada and a licensed mortgage broker in the Province of Ontario. He has been nominated for the Premiers Award given by Province of Ontario for social and economic contributions.



**Carlos Carreiro, Director of Construction and Maintenance**

Carlos has an extensive twenty-year background in real estate. He has been a real estate agent, a land developer, and a residential and commercial property renovator and builder. He is adept at interior design and renovation having studied architectural technology at Ryerson. He has an extensive network of industry contacts to call upon as the need arises. He is an exceptional manager of both construction sites and commercial buildings.



### **Chief Financial Officer --- Mario R. Bucci, B.B.M., C.M.A.**

Mario provides leadership and co-ordination in the administrative, accounting and budgeting efforts of The Rose and Thistle Group. He creates and evaluates the financial programs and supporting information and control systems of the company in order to preserve company assets and report accurate and timely financial results.

Mario has over 25 years experience in finance. He has a Bachelor of Business Management Degree from Ryerson University and is a member of the Certified Management Accountants of Ontario.



### **Vice President of Operations --- Steve Williams**

Steve has more than a decade of both project management and overall management experience. He is responsible for ensuring that cost effective operations and infrastructure are in place to support all of The Rose and Thistle's active real estate projects and oversees the operational budget for each project. He contracts and coordinates outside contractors to resolve operating difficulties and ensure project deadlines are completed on time. Steve has also been the Director of Production for our subsidiary company, Corporate Communications Interactive Inc, since 2002.



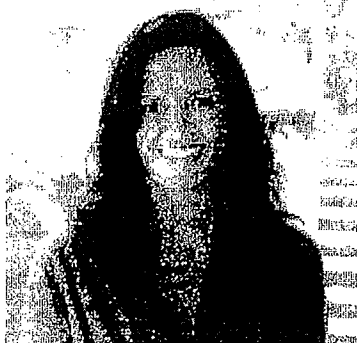
### **John Geikins, C.M.A., Senior Accounting Manager**

John manages Rose and Thistle's finance staff and oversees the maintenance and accuracy of all financial records for The Rose and Thistle Group Ltd. and related companies. He has an Accounting and Finance Diploma from Seneca College and is a Certified Management Accountant with over twenty five years experience in accounting and income tax compliance. Prior to joining the Rose and Thistle Group, John was in upper management discharging considerable financial responsibility with one of Canada's largest corporations.



### **John Rawlings, Vice President of Operations**

John, an engineer by training, had thirty years experience with the Ford Motor Company in a variety of management positions. He has been on contract to The Rose and Thistle Group Ltd. for ten years. John has supervised seventeen hundred individuals including architects, engineers, electricians, plumbers, contractors and maintenance and repair workers. While on contract to Ford, John's most recent responsibilities included being in charge of the construction of two twenty million dollar facilities and a one hundred and fifty million dollar plant expansion at the Ford facilities in Oakville and St. Thomas. He has a vast array of cost consultants, appraisers, construction and maintenance personnel upon whom he can call.



### **Property and Leasing Manager --- Samantha Slemko, B.GS**

Samantha joined us in 2006 as a project manager for our subsidiary company, CCI. In that capacity she managed some of CCI's largest technology projects and was responsible for meeting client goals, deadlines and budgets. She currently oversees the rental of all Rose and Thistle properties, tenant relations, lease negotiations, building repair and maintenance all with the goal of increasing asset value.

Samantha comes from a project management background in health information. She has a diploma in Health Information Technology as well as a Bachelors Degree in General Studies from the University of North Dakota.



### **Jackie McKinlay, Associate**

Jackie has over a decade of real estate law experience and is the hub through which all of our residential and commercial real estate deals flow. She co-ordinates condominium registration documents, real estate financings, interacts with lawyers, clients, architects, surveyors, conveyancers and City personnel, she co-ordinates the preparation and receipt of R plans, site plans, surveys and landscape surveys and all of the real estate acquisitions, sales and re-financings. Jackie is a graduate of The Ontario Law Clerks Association and is a registered mortgage agent.



### **Tom Trklja, B.A. in Law, F.Inst.L.C.O., Associate**

Tom obtained his Law Degree from the University of Belgrade in 1987 after which he practiced law in Belgrade for several years. Subsequently he graduated on the President's Honour List from the Legal Assistant Program at Seneca College of Applied Arts and Technology in 1999. Through his legal training and practical experience Tom has been in the legal field for more than twenty one years. He has played a key role in multi-million dollar mergers and acquisitions, a variety of complex contract negotiations and all aspects of corporate law. He is also skilled in real estate development law and real estate financing. He is a member of the Institute of Law Clerks of Ontario.



### **Senior Accountant --- Kendra Henry-Curtis**

Kendra studied accounting, information systems and computer programming and is an honours graduate of Centennial College with an Accountant/Programmer Analyst diploma. At present, she is completing the Certified General Accountant program and will soon have her CGA designation. She assists in the maintenance and preparation of financial records and statements.

**SECTION E:**  
**THE FINANCIAL PROJECTIONS**  
**ASSUMPTIONS**

The financial assumptions used to generate the closing costs, renovation costs, projected rent roll and building valuation were specifically designed to be conservative in their estimates to mitigate identified potential risks. The key assumptions are as follows:

Closing Costs	Rose and Thistle has vast experience in estimating closing costs. The largest component is the Ontario land transfer tax and the Toronto land transfer tax, which together total approximately 3% of the purchase price. The second largest is the fee of 2% of face value for arranging a mortgage to cover acquisition and construction.
Renovation Costs	Rose and Thistle has just completed the gut renovation of 86 Parliament and is renovating 66 Gerrard and 252 Carlton now hence has current information and great proxies for determining what 241 Spadina will cost.
Projected Rent Roll	<p>Rose and Thistle estimates that the operating costs for the property, called Additional Rent Expenses, will be approximately \$14 per square foot at most, making the assumption that the property taxes will be too high initially and will have to be reduced via assessment.</p> <p>For net rents, Rose and Thistle is using its recent experience at 86 Parliament, 252 Carlton and 66 Gerrard to estimate rents. They recognize that for some tenants there will be a "Chinatown" discount from the rents that would otherwise be achieved. Mitigating that discount is the roof height of the first, second and fifth floors of the building.</p> <p>Rose and Thistle is prepared to wait for the right tenant paying market rent. Rose and Thistle has been advised that market rent for the area is between \$30 and \$35 gross for office space (\$16 to \$21 net) and \$40 to \$55 for retail space (\$26 to \$41 net). Given the height of the first, second and fifth floors, Rose and Thistle feels the projected rental receipts are accurate.</p>
Building valuation	Toronto's heritage-style commercial buildings have capitalization rates ranging from 5% to 9%. Rose and Thistle is using 7.5% for this property, being a realistic capitalization rate given the location and nature of the property. That capitalization rate will be applied to the net income to determine property value upon completion of renovations and leasing.

## RETURN ON INVESTMENT

Using the above assumptions, the following pre-tax returns have been calculated:

Compounded annual return	25.8%
Straight-line return	99%

## RISKS

Inherent with any investment there are associated risks. Rose and Thistle through their industry experience is aware of and has taken appropriate measures to mitigate the risk exposure to the investor. However, it is essential the investor be aware of some of the key risks involved in the project and more importantly, how these risks have been considered by Rose and Thistle.

Risk	Discussion
Market condition for commercial tenants	<p>- Rose and Thistle cannot control the economic environment in Toronto. We are encouraged by the net migration of approximately 100,000 people a year to the area, which historically has kept real estate vibrant over the past two decades. Nonetheless, there is a supply of commercial office product coming to market over the next two years that will potentially increase vacancy rates</p> <p>- Rose and Thistle recognizes that Toronto's expenses and particularly its commercial taxes are far higher than those in the 905 belt. Nonetheless, there are numerous companies that choose Toronto for their office location. Rose and</p>
	<p>Thistle is confident, given its experience with its seven other Heritage buildings, that heritage buildings when renovated properly are extremely popular with a certain type of tenant, and those tenants are loyal and prepared to pay fair rent and enter into long-term leases for "loft" style space.</p>

Interest Rate Increases	- Rose and Thistle has locked in the rates for the mortgage and construction loan for a 24 month term
General Investment Risk	- All investments with the exception of sovereign bonds of major industrial nations (eg. US treasury bills, Canada savings bonds) carry with them inherent risk. There are no guarantees in life. The best one can do, as Rose and Thistle believes it has, is to acquire desirable assets, at a reasonable price at a favourable time. Investors in this real estate transaction must be aware that it is riskier than acquiring savings bonds. Investors must be comfortable that the return is not guaranteed, unlike the return of such a bond.



## SECTION F: TABLES

TABLE 1: CAPITAL COSTS AND STRUCTURE

241 Spadina CAPITAL REQUIRED			
<b>Purchase Costs</b>			
Purchase Price		4,500,000	
Mortgage fee		126,000	
Lender's legal fee		15,000	
Ontario Land Transfer Tax		67,500	
Municipal Land Transfer Tax		67,500	
Other fees and disbursements for appraisal, reliance letters for environmental reports, municipal enquiries and fees, etc.		15,000	
<b>Total Purchase Price</b>			<b>\$ 4,791,000</b>
<b>Renovation Costs</b>			
Drywall	\$	300,000	
Flooring	\$	250,000	
Fire, sprinklers	\$	200,000	
Elevators	\$	200,000	
Demolition and disposal	\$	150,000	
Plumbing	\$	200,000	
HVAC	\$	200,000	
Electrical	\$	200,000	
Paint	\$	100,000	
Steel	\$	100,000	
Roofing	\$	100,000	
Brick	\$	100,000	
Windows	\$	100,000	
Miscellaneous	\$	100,000	
Project management fee	\$	250,000	
<b>Total Renovation Costs</b>			<b>\$ 2,550,000</b>
<b>Professional Fees</b>			
Architectural plans	\$	50,000	
Engineering fees	\$	40,000	
Interior design fees	\$	20,000	
Cost Consultant	\$	20,000	
Surveyor's fees	\$	10,000	
Permit fees	\$	20,000	
<b>Total Professional Fees</b>			<b>\$ 160,000</b>
<b>Carrying Costs</b>			
Property tax	\$	300,000	
Interest on mortgage	\$	750,000	
Insurance	\$	100,000	
Less Rent from bank	\$	(110,000)	
<b>Total Carrying Costs</b>			<b>\$ 1,040,000</b>
<b>Total Capital Required</b>			<b>\$ 8,541,000</b>
Mortgage:	73.76%	8.43%	\$ 6,300,000
Dr. Bernstein:	13.12%		\$ 1,120,500
Ron and Norma Walton:	13.12%		\$ 1,120,500

**TABLE 2: PROJECTED INCOME STATEMENT**

Projected Income and Expense Statement	
Revenues	
Expected net revenues	
Basement, \$12 net p.s.f. (no additional rent)	\$72,000
Retail level, \$35 net p.s.f.	\$245,000
Second, fifth floor (premium floors), \$20 net p.s.f.	\$280,000
Third and fourth floors, \$15 net p.s.f.	\$210,000
<b>Projected net income:</b>	<b>\$807,000</b>
Expenses	
Operating expenses	
Property taxes	
Insurance	
Utilities	
Repairs and maintenance	
Depreciation	
Other expenses	
<b>Total Expenses</b>	<b>\$107,600</b>
<b>Net Income</b>	<b>\$699,400</b>

**TABLE 3: PROJECTED BUILDING VALUATION**

Projected Net Income	
Expected net revenues:	
Basement, \$12 net p.s.f. (no additional rent)	\$72,000
Retail level, \$35 net p.s.f.	\$245,000
Second, fifth floor (premium floors), \$20 net p.s.f.	\$280,000
Third and fourth floors, \$15 net p.s.f.	\$210,000
<b>Projected net income:</b>	<b>\$807,000</b>
Projected Building Value	
7.5% capitalization rate	\$107,600,000

TABLE 4: PROJECTED PROFIT AND PROJECTED INVESTOR RETURN

Anticipated Profit	
<b>Building Value:</b>	<b>\$ 10,760,000</b>
<b>Less Project Cost:</b>	<b>\$ 8,541,000</b>
<b>Projected Profit:</b>	<b>\$ 2,219,000</b>

Projected Investor Return	
Dr. Ben's initial investment	\$10,210,000
Ron and Norma Walton's investment	\$1,800,000
Cash on hand	\$21,000,000
Projected profits	\$2,219,000
From which payments to be made to:	
1. Pay back all capital	\$24,000,000
2. Pay profits equally between Ben's and Walton's	\$2,219,000
Total monies distributed	\$26,219,000
Percentage return on investment	
Dr. Ben's	99.02%
Ron and Norma Walton	98.02%
Annual return on investment	
Dr. Ben's	2.28%
Ron and Norma Walton	2.80%
Total investment period	36 months
An investment of \$100,000 on September 30, 2010 is projected to be worth \$109,029 on September 30, 2013.	

**TABLE 5: SENSITIVITY ANALYSIS**

Sensitivity Analysis	
VARIABLES	
1. Expected 2011 Revenue is 15% higher than anticipated	
Assume 10% more than anticipated	
Net Income becomes	\$725,300
Equity Value then becomes	\$9,684,000
Profit becomes	\$1,142,000
2. Expected 2011 Revenue is 10% higher than anticipated	
Assume 10% more than anticipated	
Net Income becomes	\$687,000
Equity Value then becomes	\$9,186,000
Profit becomes	\$850,000
3. Expected 2011 Revenue is 5% higher than anticipated	
Assume 5% more than anticipated	
Net Income becomes	\$672,000
Equity Value then becomes	\$9,073,000
Profit becomes	\$837,000
4. The project finishes one year earlier than anticipated	
Assume 10% more than anticipated	
Net Income becomes	\$672,000
Equity Value then becomes	\$9,073,000
Profit becomes	\$837,000
5. A financing cannot be arranged to allow Dr. Bernstein	
A partial payment is not made and the project is not completed	
and the balance of the project is not completed	
that can be recovered	
6. The construction costs are 10% higher than anticipated	
Project cost becomes	\$9,284,000
Profit becomes	\$1,184,000
7. The construction costs are 10% lower than anticipated	
Project cost becomes	\$8,284,000
Profit becomes	\$2,184,000
There are numerous other potential outcomes. Rose and Thistle is unable to provide sensitivity analysis of all of those potential outcomes. Rose and Thistle believes the above assumptions are the most likely to be relevant to the project.	



**Y**

Trans #	Type	Entered/Last Modified	Last modified by	Date	Name	Memo	Account	Amount	Balance
1	Deposit	04/23/2013 10:40:39	Admin	09/01/2010	Gideon and Irene Levylam	Investment	Share Subscription Receivable	(50,000.00)	(50,000.00)
4	Deposit	04/23/2013 10:38:55	Admin	09/30/2010	Ange Boudle	investment in Twin Dragons (US\$ cheque converted to CDN\$)	Share Subscription Receivable	(50,000.00)	(100,000.00)
706	Cheque	04/23/2013 10:39:13	Admin	10/22/2010		Ange Boudle US\$10,000 cheque returned	Share Subscription Receivable	10,000.00	(90,000.00)
23	Deposit	04/23/2013 10:46:17	Admin	10/27/2010	Teresa and Joe Memme	Investment	Share Subscription Receivable	(100,000.00)	(190,000.00)
28	Deposit	04/23/2013 10:40:20	Admin	10/29/2010	Duncan Coopland	Deposit	Share Subscription Receivable	(150,000.00)	(340,000.00)
29	Deposit	04/23/2013 10:39:28	Admin	11/02/2010	Ange Boudle	Deposit	Share Subscription Receivable	(10,000.00)	(350,000.00)
718	Cheque	04/23/2013 10:39:44	Admin	11/30/2010		\$US \$10,000 - returned item	Share Subscription Receivable	10,000.00	(340,000.00)
111	Deposit	04/23/2013 10:39:57	Admin	12/29/2010	Ange Boudle	Deposit	Share Subscription Receivable	(10,000.00)	(350,000.00)
1,748	General Journal	05/17/2012 10:00:41	Kendra	12/31/2010		To reclassify funds owed by Ron and Norma Walton for equity	Share Subscription Receivable	1,120,500.00	770,500.00
								770,500.00	770,500.00

**Z**



Trans #	Type	Entered/Last Modified	Last modified by	Date	Num	Name	Memo	Account	Debit	Credit
2,122	Cheque	07/25/2013 14:53:25	Admin	10/02/2012	483	Ange Boudle	Partial capital return - 241 Spadina	26200 - I/C Payable - Rose and Thistle	40,000.00	
2,122	Cheque	07/25/2013 14:53:25	Admin	10/02/2012	483	Ange Boudle	Partial return of capital return - 241 Spadina	10100-1 - Bank - 421100		40,000.00
2,383	Cheque	04/23/2013 10:43:36	Admin	02/01/2013	547	Ange Boudle	-MULTIPLE-	Due From Shareholders	35,000.00	
2,383	Cheque	04/23/2013 10:43:36	Admin	02/01/2013	547	Ange Boudle	Repayment of capital and Pref. shares dividend	10100-1 - Bank - 421100		35,000.00

AA



June 7, 2013

Norma Walton  
The Rose and Thistle Group LTD.  
30 Hazelton Avenue  
Toronto, ON  
M5R 2E2

RE: Bernstein/Walton Projects

Norma:

Dr. Bernstein (Bernstein) requested I undertake a review of the activities of equity investments (the "Projects") that are owned jointly with Norman and Ron Walton ("Walton"). The Projects are owned and operated by numerous corporations that are each jointly owned by Bernstein and Walton. My review was limited to the Projects up to December 31, 2011, the latest date for which financial records for the Projects have been made available to me by Walton. This is a compilation of findings, conclusions, and recommendations resulting from that review.

Bernstein has relied on Walton's knowledge and representations of the Projects when considering investment terms. There is a general understanding that the Bernstein investments are secured by sound assets that will in time be sold at a profit. This review focused on the various agreements (the "Agreements") and historical information for 2011 financial statement purposes. There has been no attempt to confirm market values or anticipated revenues, nor did I undertake an audit of the Projects, both of which would have been outside the scope of my review. Nevertheless, I believe my review indicates significant cause for concern and action on Bernstein's part to protect his investments, which at the time of this letter, total approximately \$110 million on a cash basis.

## **Summary**

The following is a summary of conclusions:

- 1) Walton is not making her own equity investments in the Projects in equal proportion to Bernstein despite an understanding that she was to do so.
- 2) Walton is taking on third party investors, which is expressly prohibited in the Agreements.
- 3) Walton has significant related party transactions with the Projects, the magnitude of which Bernstein had not been made aware of.
- 4) Project expenditures have not been presented for approval by Bernstein, as required in the Agreements.
- 5) Lack of reporting has limited the ability to assess historical information in an effort to improve our understanding of same and affect Project outcomes.
- 6) Project properties were sold without the required pay down of associated mortgages.

There is interrelated support for this in the following areas:

- 1) Equity
- 2) Mortgages
- 3) Fees
- 4) Business Plan
- 5) Reporting & Control

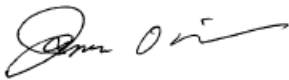
It is my recommendation that:

- 1) Walton responds to the satisfaction of Bernstein to concerns herein.
- 2) Equity and mortgage deficiencies are rectified.
- 3) Responsibility for Financial and Corporation Administration for the projects is moved to Bernstein.
- 4) Projects are jointly managed by Walton and Bernstein, with Bernstein approval required at any and all steps and for all expenditures.

The next several pages are GENERAL INDICATIONS, DETAILED FINDINGS, and CONCLUSIONS for each area. The last page herein contains detailed RECOMMENDATIONS.

Resolution of the issues and implementation of the recommendations is my highest priority. Please contact me immediately so that we can move forward in an expeditious manner.

Very truly,



James O. Reitan

Director of Accounting and Finance

**1) Equity****a. General Indications:**

- i. At December 31, 2011, the equity investment split was 79% Bernstein and 21% Walton.

Equity	Company	Bernstein	Walton	Grand Total
1185 Eglinton	Bannockburn Lands Inc.	2,225,000	73,717	2,298,717
18 Wynford	Wynford Professional Centre Ltd.	1,034,830	0	1,034,830
241 Spadina	Twin Dragons Corporation	1,120,500	350,000	1,470,500
32 Atlantic	Liberty Village Lands Inc.	396,736	0	396,736
	Liberty Village Properties Ltd.	1,851,434	839,266	2,690,700
450 Pape	Riverdale Mansion Ltd.	470,473	250,021	720,494
5770/5780 Hwy 7 West	Royal Agincourt Corp	2,257,500	987,800	3,245,300
<b>Grand Total</b>		<b>9,356,473</b>	<b>2,500,803</b>	<b>11,857,276</b>

- b. **Detailed Findings** – It should be noted that the findings are as based on the Projects' records. If deposit for purchase of property or equity contributions have in some way been made outside Project records, and is not reflected in the Project general ledger, it will not be taken into account in these comments. I am unaware of any such deposits or contributions.

- i. 18 Wynford; Wynford Professional Centre Ltd. ("Wynford")

- The agreement calls for equity contributions from the partners as follows:

7. Walton and Bernstein have each provided ½ of the \$450,000 deposit to purchase the Property.

8. The balance of equity in the amount of \$4,659,180 each will be paid as follows:

- a. Bernstein will provide to the Company the sum of \$1,700,000 on or before February 3, 2011;  
 b. Walton will provide the sum of \$1,700,000 to the Company in a timely manner as required as the Project is completed; and  
 c. Bernstein and Walton will provide the remaining sum of \$1,259,180 in a timely manner as required.

- Equity contributions to February 4, 2011 were as follows:

		Bernstein	Walton
Deposit	11/10/10	\$225,000	
Bernstein due 2/3/11; Walton due on a timely basis	02/03/11	1,700,000	
Remaining sum due from each partner at 50%	02/04/11	300,000	
<b>Total Equity Investment</b>		<b>\$2,225,000</b>	<b>\$0</b>

**Walton has not made the equity contributions as required. Bernstein is into the third level of funding with no equity investment by Walton.**

## ii. 241 Spadina; Twin Dragons Corporation

- The agreement calls for equity contributions from the partners as follow:

7. Walton has already provided \$300,000 as a deposit to purchase the Property. Bernstein will provide to the Company the sum of \$1,120,500 on or before October 14, 2010. Walton will provide a further \$820,500 to the Company in a timely manner as required as the Project is completed.
8. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$1,120,500 each that is required to complete the Project, if any, in a timely manner.

- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Gideon & Irene Levytam	09/01/10		50,000
Ange Boudle	09/30/10		50,000
Initial Deposit	10/15/10	1,120,500	
Teresa & Joe Memme	10/27/10		100,000
Duncan Coopland	10/29/10		150,000
		<u>1,120,500</u>	<u>350,000</u>

*The equity applied to Walton was received from third parties after execution of the agreement. In one instance the memo on the cheque states:*

MEMO INVESTMENT IN 241 SPADINA

## iii. 1185 Eglinton; Bannockburn Lands, Inc./Skyline

- The agreement calls for equity contributions from the partners as follows:

9. Walton and Bernstein have each provided ½ of the \$300,000 deposit to purchase the Property.

10. The balance of equity in the amount of \$2,351,900 each will be paid as follows:

- a. Bernstein will provide to the Company the sum of \$1,750,000 on or before December 17, 2010;
- b. Walton will provide the sum of \$1,750,000 to the Company in a timely manner as required as the Project is completed;
- c. If and when the vendor take back mortgage of \$500,000 is required to be paid back prior to the completion of the Project, both Bernstein and Walton will provide a further \$250,000 each as required to pay out the vendor take back mortgage;
- d. If and when the land transfer tax is required to be paid, Bernstein and Walton will each contribute the sum of \$127,500 or whatever amount equals 50% of the total amount due; and
- e. Bernstein and Walton will provide the remaining sum of \$224,400 in a timely manner as required.

- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Deposit	11/01/2010	\$150,000	
10.a installment	12/17/2010	1,750,000	
Deposit	12/31/2010		\$60,804
10.b installment	08/03/2011	325,000	
Deposit	12/31/2011		12,914
		<u>\$2,225,000</u>	<u>\$73,718</u>

*Walton has not completed the equity deposit as required by the agreement. Bernstein is into the third level of funding with no equity investment by Walton.*

## iv. 32 Atlantic; Liberty Village Lands Inc &amp; Liberty Village Properties Inc.

- The agreement calls for equity contributions from the partners as follows:
  7. Walton originally provided the original deposit and Bernstein has reimbursed Walton such that each party has now provided ½ of the \$300,000 deposit to purchase the Property, which amount will form part of the equity contributions.
  8. The balance of equity in the amount of \$4,196,340 will be paid as follows:
    - a. Bernstein will provide to the Company the sum of \$2,098,170 on or before August 29, 2011; and
    - b. Walton will provide the sum of \$2,098,170 to the Company in a timely manner as required as the Project is completed.

- As of December 31, 2011, equity contributions are as follows:

		<u>Bernstein</u>	<u>Walton</u>
Deposit	01/01/2010		\$100
Deposit	11/10/2010	150,000.00	
Due 8/29/11	08/22/2011	246,736.00	
Due 8/29/11	08/22/2011	1,851,434.00	
Deposit & due on timely basis	12/31/2011		<u>839,165.69</u>
		<u>\$2,248,170</u>	<u>\$839,266</u>

***Walton has not completed the equity deposit as required by the agreement on a timely basis.***

## v. 450 Pape; Riverdale Mansion Ltd.

- The agreement calls for equity contributions from the partners as follows:
  7. Walton has provided the \$75,000 deposit to purchase the Property, which amount will form part of Walton's equity contributions.
  8. The balance of equity in the amount of \$865,946 will be paid as follows:
    - a. Bernstein will provide to the Company the sum of \$470,473 on or before July 4, 2011; and
    - b. Walton will provide the sum of \$395,473 to the Company in a timely manner as required as the Project is completed.

- As of December 31, 2011, equity contributions are as follows:

		<u>Bernstein</u>	<u>Walton</u>
Installment	06/27/2011	\$470,473	
Deposit/timely installment	12/31/2011		\$250,021

***Walton has not completed the equity deposit as required by the agreement on a timely basis.***

## vi. 5770/5780 Hwy 7 West; Royal Agincourt Corp.

- The agreement calls for equity contributions from the partners as follows:

7. Walton and Bernstein each paid \$475,000 towards the deposit and due diligence items.

8. Walton and Bernstein have or will pay as follows:

- a. Bernstein provided to the Company the sum of \$1,782,500 on December 15, 2011; and
- b. Walton will provide the sum of \$1,782,500 in a timely manner as required as the Project is completed.

9. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$2,257,500 each that is required to complete the Project, if any, in a timely manner.

- Equity ownership is limited to Bernstein & Walton.

5. The ownership of the Company will be as follows:

- a. 50% to Bernstein; and
- b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect and such company executes an agreement to be bound by the provisions of the within Agreement.

- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Deposit	11/25/11	\$475,000	
Funds due 12/15/11	12/05/11	1,782,500	
Preferred Shares?			
1607544 Ontario Inc. (Ansari)	12/31/11		100,000
1788371 Ontario Inc.	12/31/11		100,000
Barbara Naglie	12/31/11		100,000
Cary Silber	12/31/11		50,000
Grace and Ken Bugg	12/31/11		100,000
Joel & Renee Schachter	12/31/11		175,000
John Rocha and Michele Peng	12/31/11		62,800
Ormsby Investment Limited	12/31/11		100,000
Stockton & Bush P.M.I. Inc	12/31/11		100,000
Vane Plesse	12/31/11		100,000
		<u>\$2,257,500</u>	<u>\$987,800</u>

***Walton's equity appears to be funded by 3<sup>rd</sup> parties and appear to be made after Bernstein's deposit and 8.a. installment***

## C. Conclusions

- i. Walton has not made deposit equity contributions as required by the Agreements.
- ii. Walton has not made progress equity contributions as required by the Agreements to be made in a timely manner.
- iii. Walton appears to be funding equity requirements using third party investments directly into the projects in violation of the Agreements.
- iv. The lack of balance between shareholders of funds invested is significant and consistent throughout the group companies.



## 2) Mortgages

### a. General Indications

- i. A sale occurred without mortgage pay off.

### b. Detailed Findings

- i. 18 Wynford; Wynford Professional Centre Ltd.

- The mortgage for this property was held by 368230 Ontario Ltd (a Bernstein controlled company).
- A sale in the amount of \$3,100,000 for a number of suites was closed in 2011. The mortgage agreement for this property states the following:  
SALE BY CHARGOR:  
In the event of the Chargor(s) selling, conveying, transferring or entering into any agreement of sale or transfer of the title of the said lands, or if the Chargor is a corporation, the sale, transfer or assignment of any shares of the corporation, to any purchaser, grantee, transferee, or assignee, all monies hereby secured, together with all accrued interest and prepayment penalty set out above, shall forthwith become due and payable, at the option of the Chargee(s).

- The mortgage became due and payable as a result of the sale.

***Equity was returned to Bernstein and credited against Walton's receivable rather than paid down against the mortgage. This is a violation of the mortgage terms.***

### c. Conclusion

- i. Mortgage terms are not being followed.

### 3) Fees

#### a. General Indications

- i. Services for build out and management charges are provided by Walton. The build out charges are billed by type of expense with the exception of Wynford, which was a square foot charge for the project. Charges by company and type are as follows:

Row Labels	Bannockburn Lands	Liberty Village Properties	Riverdale Mansion	Twin Dragons Corporation	Wynford Professional Centre	Grand Total
<b>Actual-Sq. Ft.</b>						
Labour					3,550,000	3,550,000
Management Fees					355,000	355,000
<b>Actual-Breakdown</b>						
Labour		537,000	220,777	103,131		860,908
Doors					12,321	12,321
Painting					1,500	1,500
Demolition		350,000				350,000
Electrical		208,500				208,500
Elevator		102,500				102,500
Fire System		262,500				262,500
Flooring		77,500				77,500
Framing		310,000	125,390			435,390
HVAC		198,000				198,000
Plumbing		167,500				167,500
Roofing		97,500	38,500			136,000
Windows Installation		159,000				159,000
Advertising and Promotion			800			800
Brickwork			34,500			34,500
Management Fees	9,177	91,500	114,632	115,000		330,310
Landscaping			7,702			7,702
Materials			275,846			275,846
Professional Fees:Architectural			295,000			295,000
Professional Fees:Consulting Fees	90,300		71,000	2,500		163,800
<b>Grand Total</b>	<b>99,477</b>	<b>2,561,500</b>	<b>1,184,147</b>	<b>220,631</b>	<b>3,918,821</b>	<b>7,984,576</b>

#### b. Detailed Findings

- i. 18 Wynford; Wynford Professional Centre Ltd.

- Fees charged by Walton to the partnership during the period were:

	<u>Cost of Sale-ON Lung</u>	<u>Capitalized</u>	<u>Total</u>	<u>Plan</u>
Build out	\$313,821	\$3,250,000	\$3,563,821	\$2,525,000
Management	30,000	325,000	355,000	252,500
	<u>\$343,821</u>	<u>\$3,575,000</u>	<u>\$3,918,821</u>	<u>\$2,777,500</u>

- Management fees are billed to the partnership at 10% of build out.

**Although the build out fee is at \$50/sf appears reasonable, there are several issues here:**

- **Was the arrangement of Walton providing these services approved by Bernstein as required by the Agreements?**
- **What exactly is the role of Walton's company in providing these services?**
- **Who is performing the work, Walton, or sub-contractors?**
- **Are there third party invoices supporting these charges?**
- **What is the method of invoicing, i.e.: cost plus, per sf based on market rates?**
- **Why did management charges increase automatically with the cost of build out?**

#### c. Conclusions

- i. Significant related party transactions are occurring without proper approval.

**4) Business Plan****a. General Indications**

- i. Differences between the Business Plans as set forth in the Agreements and the actual results are not explained but they appear to indicate that the original budgets were inflated to maximize Bernstein's investment and eliminate a need for equal investments by Walton.

**b. Detailed Findings**i. 18 Wynford; Wynford Professional Centre Ltd.

- The Business Plan summarizes anticipated profits as follows:

Anticipated Profit	
Value of 18 Wynford:	\$ 19,904,370
Less Project Cost:	\$ 14,709,180
Projected Profit:	\$ 5,195,190

- The Business Plan details show the following capital requirements:

Purchase	\$9,045,000
Renovation net cost	-
Tenant improvements/inducements/allowances	2,777,500
Total capital required	\$11,822,500
Less: Projected operating income	(\$896,031)
Net capital	\$10,926,469

- The partner equity investment requirements appear to be based on:

Project Costs	\$14,709,180
Less: Existing mortgage	9,600,000
Partner Equity Investment Requirement Total	\$5,109,180
Partner Equity Investment Requirement Split	\$2,554,590

- *The Project costs (\$14,709,180) are significantly in excess of the Total Capital Required (\$11,822,500).*
- *Based on the method of shareholder accounting, the excessive Project cost projection in the plan (\$2,886,680) results in Share Subscription Receivable (unfunded equity investment) from Walton (\$2,554,590).*

ii. 241 Spadina; Twin Dragons Corporation

- The following are results through 12/31/11 compared to plan capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$4,722,128	\$4,791,000
Professional fees	inc	160,000
Renovation costs	2,713,989	2,550,000
Carrying costs	-	1,040,000
Total capital required	\$7,436,117	\$8,541,000

- The partner equity investment requirements appear to be based on:

Project Costs	\$8,541,000
Less: Mortgage	6,300,000
Partner Equity Investment Requirement Total	\$2,241,000
Partner Equity Investment Requirement Split	\$1,120,500

***The Total Capital Required (\$8,541,000) appears to be excessive in as much as Walton has contributed \$350,000 through the end of 2012.***

iii. 1185 Eglinton; Bannockburn Lanks, Inc./Skyline

- The following are results through 12/31/11 compared to plan capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$11,833,355	\$8,949,000
Demolition	Inc.	854,920
Development	Inc.	1,760,000
Carrying costs	Inc.	1,639,880
Total capital required	\$11,833,355	\$13,203,800

- The partner equity investment requirements appear to be based on:

Project Costs	\$13,203,800
Less: Mortgage	8,200,000
Partner Equity Investment Requirement Total	\$5,003,800
Partner Equity Investment Requirement Split	\$2,501,900

***The Total Capital Required (\$13,203,800) appears to be exaggerated in as much as Walton has contributed \$73,717 through the end of 2012.***

iv. 32 Atlantic; Liberty Village Lands Inc & Liberty Village Properties Inc.

- The Business Plan details show the following capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$12,350,596	\$9,038,500
Professional Fees	inc	515,000
Development	inc	4,500,000
Carrying costs	inc	1,742,840
Total capital required	\$12,350,596	\$15,796,340

- The partner equity investment requirements appear to be based on:

Project Costs	\$15,796,340
Less: Mortgage	11,300,000
Partner Equity Investment Requirement Total	\$4,496,340
Partner Equity Investment Requirement Split	\$2,248,170

***The Total Capital Required (\$15,796,340) appears to be exaggerated in as much as Walton has contributed \$839,266 through the end of 2012.***

v. 5770/5780 Hwy 7 West; Royal Agincourt Corp.

- The Business Plan details show the following capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$14,983,000	\$14,974,500
Professional fees	Inc.	575,202
Tenant fixtures	Inc.	440,000
Carrying costs 1/1/12 to 4/30/12		125,298
Total Capital Required	\$14,983,000	\$16,115,000

- The partner equity investment requirements appear to be based on:

Project Costs	\$16,115,000
Less: Existing mortgage	11,600,000
Partner Equity Investment Requirement Total	\$4,515,000
Partner Equity Investment Requirement Split	\$2,257,500

***The Total Capital Required (\$16,115,000) appears to be exaggerated in as much as Walton has contributed \$1,127,800 through the end of 2012 (assuming you accept "Preferred Share" contributions to be Walton's.***

## C. Conclusions

- There is an appearance of effort to manipulate the equity requirements and business plan representations in the agreements such that Walton capital requirements are minimized. This may be a reason the difference between the business plans and the actual results have not been explained.

## 5) Reporting & Control

### a. General Indications

- i. Reporting is not being performed on a timely basis.
- ii. Bank reconciliations are not being performed on a timely basis.
- iii. Approvals are not being performed.

### b. Detailed Findings

- i. The following clause is generally stated in each company's agreement.

13. Walton will provide a written report to Bernstein each month detailing the following:

- a. copies of invoices for work completed;
- b. the bank statement for that month; and
- c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.

At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.

***There has been no reporting or approvals as required by this clause.***

- ii. 241 Spadina; Twin Dragons Corporation.

#### v. Legal and Accounting Support

- Drafting and filing legal documents
- Litigation
- The conversion of commercial rental units to commercial and/or residential condominium properties and the implementation of condominium sales programs
- Zoning, by-law and legislative compliance
- Severance and variance applications
- Representation at municipal zoning, fire, building and by-law hearings
- Insurance management and advice on appropriate coverage
- Centralized accounting and finance functions, including financial statements and audit, accounts receivable, accounts payable, payroll, cash and tax management
- Weekly, monthly or quarterly occupancy and collection reporting
- Weekly, monthly or quarterly financial report
- Annual budget preparation
- Unit turnover costs
- Capital expenditures
- Operating and labour costs
- Revenue
- Partnership distributions as directed

***. With the exception of late, notice to reader Balance Sheets and Statement of Operations, there has been no reporting of the above after what were initially requests, which progressed to demands for same.***

### c. Conclusions

- i. Lack of reporting and control has resulted in unauthorized payments and no ability to assess historical information in an effort to improve our understanding of and have effect on Project outcomes.

**Recommendations**

The following recommendations should be put into effect immediately.

- 1) Walton must provide response through clarification and if appropriate, actions to these concerns:
  - a. Clarification of the status of these outside investors.
  - b. Correction of mortgages.
  - c. Rectification of equity in the projects to reflect actual equity invested.
  - d. All related party transactions are documented and approved in advance.
- 2) Leverage the strengths of investors by dividing responsibilities.
  - a. Walton retain responsibility for:
    - i. Business development
    - ii. Project administration
    - iii. Property administration
  - b. Bernstein takes control of:
    - i. Corporate Books
    - ii. Accounting
    - iii. Finance administration
      1. Cheques signed by Dr Bernstein or Warren Bernstein
    - iv. Legal affairs
- 3) Walton makes recommendations, Bernstein retains authority to act.
- 4) Reporting requirements previously imposed on Walton will be imposed on both Walton and Bernstein.
- 5) The terms of agreements should be modified to reflect the above.

BB



**GENERAL SECURITY AGREEMENT**

TO:

E. Manson Investments Limited, Dan Realty Limited, Reiter International Limited, Ann Forman, 1060400 Ontario Inc., B & M Handelman Investments Ltd.

(hereinafter called the "Creditor")

GRANTED BY:

Fraser Properties Corp. and Fraser Lands Ltd.

(hereinafter called the "Grantor")

**1. GRANT OF SECURITY INTEREST**

The Grantor, for value received (hereinafter called the "Debtor") hereby charges in favour of and grants to the Creditor, a security interest in the undertaking and property of the Debtor hereinafter described, as continuing security for the payment of all existing and future indebtedness in the original principal amount of \$6,000,000.00 (hereinafter called the "Obligation").

**2. INTEREST AND TERMS OF PAYMENTS**

The said Obligation shall bear interest at the rate of nine and half percent (9.5%) per annum from the date of this Security Agreement and shall be payable in consecutive monthly instalments of \$47,500.00 each including principal and interest on the 5th day of each month commencing June, 2012 and continuing monthly thereafter until the 5th day of May, 2014 when the balance of the Obligation then owing shall become due and payable. Provided that the Debtor shall have the privilege of prepaying the whole of the principal amount of the Obligation on any payment date when not in default on thirty days prior written notice.

**3. DESCRIPTION OF CHARGED PROPERTY**

The following property of the Debtor shall be subject to the charge in favour of the Creditor created by this Security Agreement:

**(a) Accounts Receivable**

All debts, accounts, claims, monies and choses in action, which now are, or which may at any time hereafter be due or owing to or owned by the Debtor and also all securities, mortgages, bills, notes and other documents now held, or owned, or which may be hereafter taken, held or owned by or on behalf of the Debtor, in respect of the said debts, accounts, claims, monies and choses in action, or any part thereof, and also all books, documents and papers recording,

evidencing or relating to the said debts, accounts, claims monies and choses in action, or any part thereof. All of which are hereinafter called the "Accounts Receivable".

**(b) Inventory**

All goods or chattels now or hereafter forming the inventory of the Debtor, including, without limitation, all goods, merchandise, raw material, work in process, finished goods and chattels held for sale for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor and procured for packing or packaging by the Debtor. All of which are hereinafter called the "Inventory".

**(c) Equipment**

All machinery, equipment, furniture, chattels, fixtures and other tangible personal property now owned or hereinafter acquired by the Debtor, (hereinafter called the "Charged Property").

**(d) Intangibles**

All intangible property now owned or hereafter acquired by the Debtor and which are not included in subparagraph (a) above, including, without limitation, all contractual, rights, goodwill, patents, general corporate undertakings, trademarks, trade names, copyrights, other industrial and intellectual property and the undertaking of the Debtor.

**(e) Leasehold, Real and Immoveable Property**

All real and immoveable property, both freehold and leasehold, now owned or hereafter acquired by the Debtor, together with all buildings, erections, improvements and fixtures situate thereupon or used in connection therewith, including any lease, verbal or written, or any agreement therefore; provided, however, the last day of any such lease is excepted out of the property charged by this Security Agreement, but the Debtor shall stand possessed of any such reversion upon trust to assign and dispose thereof as the Creditor may direct.

**(f) Proceeds**

All property in any form derived directly or indirectly from any dealing with the aforementioned undertaking and property of the Debtor or proceeds, including property that indemnified or compensates for property destroyed or damaged. All of which property is hereinafter called the "Proceeds".

All of the above-mentioned undertaking, property, Accounts Receivable, Inventory, Intangibles, Leasehold, Real and Immoveable Property, Equipment and Proceeds of the Debtor is hereinafter referred to as the "Charged Property"; provided, however, the Charged Property shall not include any goods that are used or acquired for use primarily for the personal, family or household purposes of the Debtor.

#### **4. ATTACHMENT OF SECURITY INTEREST**

The charge created by this Security Agreement shall attach to the Charged Property when the Debtor has rights in the Charged Property and thereafter shall be a first fixed and floating charge on the Charged Property.

#### **5. GENERAL WARRANTIES AND COVENANTS OF THE DEBTOR**

The Debtor hereby warrants and covenants with the Creditor that it:

- (a) owns the Charged Property free of all encumbrances except as aforesaid;
- (b) shall pay the costs and expenses (including reasonable legal fees on a solicitor and his own client basis) of the Creditor incurred with respect to the taking, recovering or possessing the Charged Property in any other proceedings taken for the purpose of enforcing the remedies provided herein, or otherwise in relation to the Charged Property, or by reason of non-payment of the Indebtedness hereby secured and all such costs and expenses shall bear interest at the prime rate of interest charged by the Bank of , from time to time, adjusted with each change in said rate, hereinafter referred to as "the Rate" and shall be payable on demand;
- (c) shall keep the Charged Property in good condition and repair;
- (d) shall pay all rents, taxes and assessments lawfully imposed upon the Charged Property, or any part thereof, and upon the income and profits of the Debtor, when the same shall become payable;
- (e) shall observe and perform all its obligations under leases, licenses and other agreements to which it is a party in order to preserve and protect the Charged Property and the income therefrom;
- (f) shall otherwise conform on the terms and conditions attaching to its lines of credit with its banker, and other financiers, from time to time;
- (g) shall repay the Obligation in accordance with the terms thereof.

#### **6. PROHIBITION AGAINST PLEDGING CHARGED PROPERTY**

The Debtor shall not without the prior written consent of the Creditor, create, permit, assume, have outstanding or suffer to exist, any charge or encumbrance on the Charged Property, or any part thereof, ranking or purporting to rank prior to or pari passu with the charge created by this Security Agreement.

#### **7. FAILURE TO PERFORM COVENANTS**

If the Debtor shall fail to perform any covenant on its part herein contained, the Creditor may, in its absolute discretion but without being bound to do so, perform any such covenant capable of being performed by it. If any such covenant requires the payment of money or if the

Charged Property shall become subject to any lien or charge ranking in whole or in part in priority to the charge created by this Security Agreement, then the Creditor may make such payment or pay or discharge the said lien or charge, but shall be under no obligation to do so. All sums so paid by the Creditor shall immediately be payable by the Debtor to the Creditor, shall bear interest at the Rate provided herein until paid, and shall be secured by this Security Agreement. No such performance or payments shall relieve the Debtor from any default under this Security Agreement or any consequences of such default.

#### **8. INSURANCE**

- (a) The Debtor shall insure and keep insured the Charged Property against loss or damage by fire and other usual perils, including the perils covered by the supplemental contract to fire insurance policies, to the amount of not less than the full replacement costs of the Charged Property in lawful money of Canada with insurance companies authorized to do business in Canada.
- (b) The Debtor shall insure itself against public liability for a reasonable amount considering the nature of the business carried on by it.
- (c) The loss under all policies of insurance, other than public liability, shall be payable to the Creditor and the Debtor shall arrange to have the entitlement of the Creditor as loss payee recorded on each policy of insurance. In any event, the production of this Security Agreement shall be sufficient authority for, and the insurer is hereby directed thereupon, to pay the loss to the Creditor. All policies of insurance, including renewals, shall be lodged with the Creditor and the Debtor shall pay all premiums as the same become payable in respect of such insurance.
- (d) In the event of loss, the Creditor, at its option, may apply the insurance proceeds against the balance owing by the Debtor, release the said proceeds to the Debtor, or arrange for the said proceeds or any part thereof, to be used to repair, replace or rebuild the damaged property, or any combination of such applications. Where the insurance proceeds are released to the Debtor, or used for the purpose of repairing, replacing or rebuilding the damaged property, the receipt, of the insurance proceeds shall not operate as payment or novation or in any way affect the security for the obligations.

#### **9. EVENTS OF DEFAULT**

The security hereby constituted shall become enforceable in each and every of the following events:

- (a) If the Debtor makes default in payment or discharge of the Obligation or the indebtedness or liability referred to in this Security Agreement;
- (b) If the Debtor makes default in any payment referred to in this Security Agreement or in

performing or complying with any covenant, condition or obligation contained in this Security Agreement or under any other security held by the Creditor or agreement with the Creditor to which the Debtor is subject or if any of the warranties contained herein or in any such other security or agreement are, or shall become untrue;

- (c) If any order shall be made or a resolution passed for the winding-up of the Debtor (if the Debtor is a corporation) or if a petition shall be filed under the Bankruptcy Act by or against the Debtor or an authorized assignment made by it or a receiver or agent appointed under the Bankruptcy Act or by or on behalf of a secured creditor of the Debtor or an application made under the Companies Creditors Arrangement Act or a proposal made by the Debtor to its creditors under the Bankruptcy Act;
- (d) If the Debtor ceases, or threatens to cease, to carry on its business or if the Debtor commits any act of bankruptcy;
- (e) If the Debtor sells or attempts to sell the Charged Property pursuant to the Bulk Sales Act.

#### **10. ENFORCEMENT**

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Creditor shall have the following rights and powers:

- (a) to take possession of all or any part of the Charged Property with power to exclude the Debtor, its agents and servants therefrom;
- (b) to preserve and maintain the Charged Property and; make such replacements thereof and additions thereto as it shall deem advisable.
- (c) to sell, lease or dispose of all or any part of the Charged Property whether by public or private sale or lease or otherwise in such manner and on such terms as to it may seem commercially reasonable, provided always that it shall not be incumbent on the Creditor to sell, lease or dispose of the said property but that it shall be lawful for the Creditor peaceably and quietly to take, hold, use, occupy, possess and enjoy the Charged Property without molestation, eviction, hindrance or interruption of the Debtor, or any other person or persons whomsoever, and to convey, transfer and assign to the purchaser or purchasers title to any of the Charged Property sold; and
- (d) to appoint by instrument any person to be a receiver, manager, receiver-manager, or receiver and manager (hereinafter called the "Receiver") of the Charged Property and to remove any Receiver so appointed and appoint another in his stead.

#### **11. POWERS OF RECEIVER**

Any Receiver appointed pursuant to the provisions of this Security Agreement shall be considered as the Debtor's agent and shall have all the powers of the Creditor hereunder and in

addition shall have the following powers:

- (a) to carry on the business of the Debtor;
- (b) with the consent of the Creditor, to borrow money in the name of the Receiver or in the name of the Debtor for the purpose of carrying on the business of the Debtor and for the preservation and realization of the Charged Property, including, without limitation, the right to make payments to parties having prior charges or encumbrances on properties on which the Debtor may hold charges or encumbrances; and
- (c) to commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of any part of the Charged Property.

## **12. ADDITIONAL POWERS UPON DEFAULT**

In addition to the rights and powers provided in paragraphs 9 and 10, the Creditor and the Receiver shall each have the following rights and powers if the security hereby constituted become enforceable:

- (a) The Creditor and the Receiver shall have all the rights and remedies of a Secured Party under the Personal Property Security Act (Ontario), as amended from time to time (the "PPSA");
- (b) The Creditor or the Receiver may dispose of any of the Charged Property in the condition in which it was at the date of possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition; and
- (c) At its option, provided notice is given to the Debtor in the manner required by the PPSA the Creditor may elect to retain all or any part of the Charged Property in satisfaction of the Obligations to it of the Debtor;

## **13. APPLICATION OF PROCEEDS OF DISPOSITION OF CHARGED PROPERTY**

Subject to the claims, if any, of the secured Creditors of the Debtor (including any indebtedness of the Receiver or the Creditor ranking in priority to the charges created by this Security Agreement) all monies received by the Creditor or by the Receiver pursuant to paragraphs 10, 11 and 12 of this Security Agreement shall be applied as follows:

- (a) First, in payment of all expenses and legal costs of and incidental to the appointment of the Receiver and the exercise by the Receiver or the Creditor of all or any of the powers granted to them under this Security Agreement, including reasonable remuneration of the Receiver or any agent or employee of the Creditor and all disbursements properly paid by the Receiver or the Creditor in exercising their powers as aforesaid;
- (b) Second, in payment of the Obligations to the Creditor which may be applied by the Creditor

against such indebtedness in such manner as the Creditor against such indebtedness in such manner as the Credits, in its sole discretion may determine;

(c) Third, in satisfaction of any indebtedness or liability secured by any security interest in the Charged Property subordinate to the charges created by this Security Agreement, if written demand therefor is received by the Creditor or the Receiver before the distribution of the proceeds is completed; and

(d) Fourth, any surplus shall be paid to the Debtor.

#### 14. CREDITOR APPOINTED ATTORNEY

The Debtor hereby irrevocably appoints the Creditor to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obligated to sign, execute or do hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Creditors and any Receiver appointed.

#### 15. APPLICABLE LAW

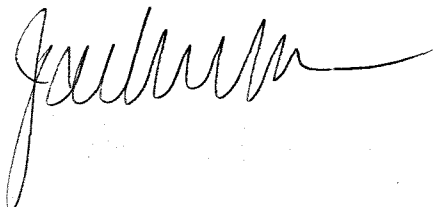
This Security Agreement shall be governed by, enforced and interpreted in accordance with the laws of the Province of Ontario. Any provision hereof prohibited by such law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.



#### 16. DEBTOR COPY OF SECURITY AGREEMENT

The Grantor and Debtor acknowledge having received a copy of this Security Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement this 19<sup>th</sup> day of April, 2012.

**SIGNED, SEALED AND DELIVERED**  
in the presence of



)	Fraser Properties Corp.
)	Per. 
)	
)	Norma Walton-President
)	I have authority to bind the Corporation
)	
)	Fraser Lands Ltd.
)	Per. 
)	
)	Norma Walton-President
)	I have authority to bind the Corporation

CC



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

***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

**FORTY-SEVENTH REPORT OF THE MANAGER, SCHONFELD INC.**  
*(Motion Returnable April 12, 2017)*

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## **I. Introduction**

### **A. Overview**

1. This is the Forty-Seventh 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**”),<sup>1</sup> 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**”).

### **B. Purpose of this Report**

2. The Manager has brought a motion for an Order:
- (a) approving a methodology for the allocation of fees incurred by the Manager to the various Schedule “B” Companies and Schedule “C” Properties (the “**Fee Allocation Methodology**”) from January 1, 2016 to December 31, 2016;
  - (b) approving the fees of the Manager and its counsel, Goodmans LLP (“**Goodmans**”), for the period from October 1, 2016 to December 31, 2016 (the “**Fee Approval Period**”);
  - (c) approving the Manager’s activities for the Fee Approval Period, including those described below and in the 44<sup>th</sup> Report, 45<sup>th</sup> Report and 46<sup>th</sup> Report;
  - (d) authorizing the Manager to make certain interim distributions in respect of the Schedule “B” Companies;

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<sup>1</sup> Schedule “B” was amended by Order dated January 16, 2014.

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- (e) authorizing the Manager to pay certain tax liabilities in respect of the Schedule “C” Companies; and
  - (f) requiring that the Dupont Mortgagees provide forthwith a copy of the GST/HST indemnity for self-assessment by the purchaser of the Property at 1485 Dupont Street.
3. This Forty-Seventh Report contains facts relevant to the Manager’s motion.

### **C. Terms of Reference**

4. Based on its review and interaction with the parties to date, nothing has come to the Manager’s attention that would cause it to question the reasonableness of the information presented herein. However, the Manager has not audited, or otherwise attempted to independently verify, the accuracy or completeness of any financial information of the Companies. The Manager therefore expresses no opinion or other form of assurance in respect of any of the Companies’ financial information that may be in this Report.

## **II. Fee Allocation**

5. A methodology for the allocation of fees incurred by the Manager and its counsel from the Manager’s appointment on November 5, 2013 to November 30, 2014 (the “**First Period**”) was approved by Order dated April 20, 2015 (the “**First Methodology**”), and a methodology for the allocation of fees incurred by the Manager and its counsel from December 1, 2014 to December 31, 2015 (the “**Second Period**”) was approved by Order dated September 16, 2016 (the “**Second Methodology**”). This Report relates to the allocation of fees relating to the period from January 1, 2016 to December 31, 2016 (the “**Third Period**”), for which the Manager proposes using the Second Methodology.

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6. As explained in the Manager's 22<sup>nd</sup> Report, given the number of Companies subject to these proceedings and the interconnectedness of their respective Properties, it would have been impractical (and very expensive) to administer each Company and track professional costs on an individual Company basis. Accordingly, the Manager and its counsel developed the First Methodology, which calculated a weighting for each company based upon a sophisticated formula that included assigned weightings for six categories and the length of time that the Property was under management. The First Methodology was required because the quantity and quality of the work performed by the Manager and its counsel during the First Period meant that a property by property allocation based on the descriptions contained in the docket entries of the Manager and its counsel was not feasible. Among other things, the Manager and its counsel dealt with issues that related to many Properties (or all Properties) at the same time or on the same day and also spent significant time on issues relating to the very active litigation between the Applicants and Respondents (which was required in order to effectively complete its mandate in respect of all of the Properties).

7. There are important differences in the Manager's mandate between the First Period and the Second and Third Periods. Among other things:

- (a) the volume of work required on the part of the Manager and its counsel decreased substantially during the Second and Third Periods relative to the First period;
- (b) the number of Properties that the Manager was managing and marketing decreased substantially as Properties were either sold or turned over to mortgagees for enforcement. This decreased the number of issues and Properties dealt with on any given day; and

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- (c) the litigation between the Applicants and the Respondents was significantly less active during the Second and Third Periods relative to the First Period, resulting in the decrease (although not the elimination) of dockets that did not relate to any specific property.

8. Furthermore, in response to the First Methodology, two groups of affected stakeholders asserted that the Manager should have attempted to allocate its time based on the docket descriptions entered by the various professionals that worked on the file. Although this complaint was found to be without merit, the Manager considered the concerns articulated in response to the First Methodology in formulating the Second Methodology.

9. The fee allocation for the Second Period, which used the Second Methodology, was approved by Order dated September 16, 2016, which is attached as **Appendix “A”**. No stakeholder opposed the Second Methodology at the hearing.<sup>2</sup>

10. In light of all of the foregoing, and similarities between the Second and Third periods, the Manager determined that the Second Methodology should be used to allocate fees incurred during the Third Period.

11. The allocation process began with the Manager and its counsel, Goodmans, each conducting a review of the docket descriptions entered in respect of fees incurred during the Third Period, as they had done in respect of fees incurred during the Second Period. Based on this review, the Manager determined that it was feasible to allocate a significant portion of the time spent based on docket descriptions.

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<sup>2</sup> Two groups of stakeholders did raise concerns about the Second Methodology and obtained an adjournment of the original return date to investigate these concerns. These concerns were addressed before the ultimate return date for the motion.

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12. This allocation was performed in accordance with the following principles:

- (a) As a general rule, where dockets referenced multiple properties, the relevant time was divided evenly among the properties unless either the docket itself or contemporaneous notes or correspondence indicated that time should be divided unevenly among the properties.
- (b) Where a docket did not relate to any particular property, the relevant docket was categorized as “general”. The allocation of general costs among the properties is described below. General allocations are spread evenly over all Companies that the Manager worked on during the relevant period.<sup>3</sup>

13. The allocation described above is summarized in **Appendix “B”**.

14. Based on this methodology, a total of 78% of the Manager’s fees and 26% of Goodmans’ fees were allocated to specific properties. A greater portion of the Manager’s fees could be allocated because much of its time was spent preparing tax returns relating to specific companies. By contrast, Goodmans spent much of its time on activities relating to the conduct of the litigation between the Applicants and the Respondents, including the hearing of the Application and responding to the Waltons’ various motions.

### **III. The Manager’s Activities**

#### **A. Queen’s Corner Security held by Tarion**

15. During the Fee Approval Period, the Manager brought a motion seeking the return of a security deposit paid by Queen’s Corner Corp. (“**Queen’s Corner**”) to Tarion Warranty

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<sup>3</sup> The Manager’s management of the general allocation properties consisted of, among other things, addressing accounting issues, preparing and filing tax returns, addressing any remaining disputes relating to some Companies, conducting claims processes, distribution available funds, after seeking court approval for same. The Manager’s activities are described below and in the other reports filed in this matter.

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Corporation (“**Tarion**”) in respect of the property it formerly owned (the “**Queen East Property**”). The purchaser of the Queen East Property, Kartelle 1003 Queen Street East Inc., attended at the Manager’s motion and obtained an adjournment, but ultimately withdrew its opposition.

16. The \$200,000 deposit paid by Queen’s Corner to Tarion was paid to the Manager on January 31, 2017.

**B. 6195 Cedar Street Limited Tax Refund**

17. The Manager brought a motion during the Fee Approval Period for the return of a tax credit in the amount of \$76,093.96 held by the City of Toronto in respect of the Schedule “C” Property (“**2 Kelvin**”) formerly owned by 6195 Cedar Street Limited. Given that 6195 Cedar Street Limited no longer owned 2 Kelvin, the City of Toronto required direction from the Court in order to return the tax credit. The tax credit was received on February 13, 2017.

**C. Interim Distributions**

18. During the Fee Approval Period, the Manager obtained court-approval and distributed funds to creditors with proven claims against Cityview Industrial Limited and United Empire Lands.

**D. Repayment of Professional Fee Advances**

19. As described in the Manager’s 44<sup>th</sup> Report, certain Companies funded professional fees early in these proceedings over and above the amount ultimately allocated to them. These Companies owned Properties that were sold early in the proceedings and generated a surplus after the creditors having approved claims had been paid.



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20. The Manager obtained court-approval and repaid advances received from Bannockburn Lands Inc., Richmond Row Holdings Ltd., Donalda Developments Ltd. and Liberty Village Properties Ltd., each of which had provided advanced funding for professional fees early in these proceedings.

**E. Tax and Accounting Issues**

21. During the Fee Approval Period, the Manager maintained accounting records for the Schedule “B” Companies and the Schedule “C” Properties, filed GST returns for each as required and dealt with numerous audits and information requests from CRA. To date, the Manager has obtained GST refunds in the amount of \$2,752,925 in respect of the Schedule “B” Companies.

22. Additionally, the Manager filed corporate tax returns in respect of certain Schedule “C” Companies for the years 2012, 2013, 2014 and 2015. To date, the Schedule “C” Companies have recovered HST refunds in the total amount of \$73,413.38 as a result of the Manager filing these tax returns. Further refunds are expected.

**F. Banking and Investing**

23. In addition to the foregoing, the Manager has managed the financial affairs of the Schedule “B” Companies and Schedule “C” Companies and has invested net proceeds realized from the sale of properties.

**G. Participation in the litigation between the Applicants and the Respondents**

24. During the Fee Approval Period, the litigation between the Applicants and the Respondents was relatively active. Among other things, the Manager brought a motion to strike the Waltons’ so-called Counter-Application (which was found to be frivolous and vexatious),

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participated in the hearing of the Applicants' Application, attended court to obtain an Order requiring that the Waltons disclose how they had obtained funding for their legal fees and respond to the Waltons' motion for a declaration that they had done so (which the Waltons withdrew).

#### **IV. Fee Approval**

25. Attached hereto as **Appendix "C"** is the Affidavit of Harlan Schonfeld sworn January 27, 2017 (the "**Schonfeld Affidavit**"), attesting to the fees and disbursements of the Manager for the Fee Approval Period in the amount of \$116,848.52 inclusive of HST and disbursements.

26. Attached hereto as **Appendix "D"** is the Affidavit of Brian Empey, a partner at Goodmans sworn March 9, 2017 (the "**Empey Affidavit**"), attesting to the fees and disbursements of Goodmans acting on behalf of the Manager for the Fee Approval Period in the amount of \$66,766 inclusive of HST. The Manager has received and reviewed Goodmans' invoices and concluded that (i) the fees and disbursements set out in Goodmans' invoices relate to advice sought by the Manager; and (ii) in the Manager's view, Goodmans' fees and disbursements are reasonable.

#### **V. Weston Road Trust Funds**

27. By Order dated January 15, 2015, this Court approved the sale of a Schedule "B" Property located at 355 Weston Road (the "**Weston Property**"). At the time of the sale, a vendor take-back mortgage in favour of the former owners of the Weston Property (the "Weston Mortgagee") and a construction lien in favour of Laser Heating & Air Conditioning Inc. ("Laser") were both registered on title to the Weston Property. Laser claimed that its lien was entitled to priority over the Weston Mortgagees' mortgage. In order to ensure that this priority

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dispute did not interfere with the sale of the Weston Property, the Manager agreed to hold \$11,057 in trust pending resolution of this dispute.

28. This dispute remains unresolved and the Manager has written to counsel for both Laser and the Weston Mortgagees encouraging them to take steps to resolve the dispute so that the funds can be released from trust.

## **VI. Interim Distribution**

29. As described above, the Manager has filed tax returns on behalf of the Schedule “B” Companies and, since authority was granted, the Schedule “C” Companies. As a result of these efforts, several Schedule “B” Companies have received tax refunds. The Manager recommends distributing funds to creditors of four such companies: Dupont Development Ltd. (“**Dupont**”), Eddystone Place Inc., Riverdale Mansion Ltd. and Weston Lands Ltd. (the “**Interim Distribution Companies**”).

30. The Manager has conducted a claims process in respect of each of the Interim Distribution Companies in accordance with the Claims Procedure Order of Justice Brown dated June 18, 2014 (the “**Claims Procedure Order**”). In the case of each of the Interim Distribution Companies, the approved claims significantly exceed the amounts available for distribution.

31. None of the Interim Distribution Companies generated sufficient proceeds from the sale of the Property they owned to pay all of the debt secured against that Property. In each case, mortgagees and/or construction lien holders were paid less than what they were owed. However, since the funds now available for distribution are tax refunds and not property sale proceeds, the Manager has determined (after consultation with its counsel) that creditors having security over real property owned by the Interim Distribution Companies are not entitled to

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priority over other creditors.<sup>4</sup> If the proposed distribution is approved, all creditors of each Interim Distribution Company will share *pari passu* in the tax refunds.

32. The proposed interim distributions are listed in the chart attached as **Appendix “E”**. This chart includes four different scenarios relating to the Weston Property, depending on how the priority dispute described above is resolved.

## **VII. Payment of Schedule “C” Companies’ Tax Liabilities**

### **A. United Empire Lands**

33. Pursuant to the Order of Justice Newbould dated October 25, 2016 (the “**October 25 Order**”), the Manager filed tax returns in respect of the Schedule “C” Companies. As described in the Manager’s 44<sup>th</sup> Report, the Schedule “C” Companies had not previously filed tax returns since 2011.

34. The Manager has now received a notice of assessment for United Empire Lands (“UEL”), which requires the company to pay corporate taxes in the amount of \$83,651,69<sup>5</sup> plus interest (which continues to accumulate). This tax liability relates to the sale of the property formerly owned by UEL.

35. The Manager has completed a claims process in respect of UEL and, after satisfying all allowed claims, the Manager is holding \$757,119 in respect of UEL.

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<sup>4</sup> Certain companies that had registered mortgages against the property owned by Dupont (the “**Dupont Mortgagees**”) submitted a proof of claim in the relevant claims process asserting that they were entitled to priority over other creditors. However, the Dupont Mortgagees’ priority claim was disallowed and that disallowance has not been disputed.

<sup>5</sup> UEL’s tax liability has already been reduced by the application of a GST refund that it was entitled to by CRA.

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36. By Reasons for Decision of Justice Newbould dated September 23, 2016 (the “**September 23 Reasons**”), Christine DeJong Medicine Professional Corporation (the “**DeJongs**”) was granted a constructive trust in respect of the balance of the proceeds of sale of the property formerly owned by UEL, which funds are being held by the Manager. The Applicants have appealed this award.

37. Depending on the outcome of the Applicants’ appeal, the sale proceeds held in respect of UEL will be distributed to either the DeJongs or the Applicants. Accordingly, the Manager consulted both the Applicants and the DeJongs with respect to whether UEL’s tax liability should be paid before the dispute between them was resolved. Both the Applicants and the DeJongs agreed that the liability should be paid as soon as possible, to avoid any further interest and penalties.

38. In light of the foregoing, the Manager respectfully recommends that it be authorized to pay UEL’s tax liability forthwith.

**B. Prince Edward Properties Ltd.**

39. A very similar situation exists with respect to Prince Edward Properties Ltd. (“**Prince Edward**”), another Schedule “C” Company. The only meaningful difference is that Prince Edward’s liability is substantially smaller than UEL’s.

40. Pursuant to the October 25 Order, the Manager filed tax returns in respect of Prince Edward. The Manager has now received a notice of assessment from CRA, which requires Prince Edward to pay corporate taxes in the amount of \$9,059.76, plus interest.

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41. The Manager has completed a claims process in respect of Prince Edward and, after satisfying all allowed claims, the Manager is holding \$590,801 in respect of Prince Edward.

42. The September 23 Reasons granted the DeJongs a constructive trust in respect of the proceeds of sale of the property formerly owned by Prince Edward, after taking into account the constructive trust previously granted in favour of the Applicants. The Applicants have appealed the granting of the constructive trust to the DeJongs.

43. The Manager's counsel has discussed the issue of the outstanding tax liability of Prince Edward with counsel to the Applicants and to the DeJongs, both of whom have taken the position that the Manager should seek authority of this Court to pay the tax liability forthwith to avoid penalty or interest accruals.

## **VIII. Handelman Property Legal Fees**

### **A. Overview**

44. The Manager also seeks advice and directions in connection with a dispute relating to legal fees claimed by investors in four syndicated mortgages arranged by Stephen Handelman. Three of the properties at issue were sold for prices that were sufficient to cover the full amount of the mortgages (including related costs and fees). The sale of the fourth property did not generate sufficient proceeds and the mortgagees that invested in that property suffered a shortfall.

45. The investors in the four syndicated mortgages (the “**Handelman Mortgagees**”) retained the same counsel, Larry Zimmerman and Larry Wallach, and the present dispute relates to how the fees charged by Messrs. Zimmerman and Wallach for work performed in the early stages of these proceedings should be allocated. The mortgagees assert that all of the fees should be

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allocated to profitable properties and that the property that suffered a shortfall should bear no legal costs. The Manager does not agree. The proposed allocation would permit mortgagees with an interest in the unprofitable mortgage to collect legal fees from the proceeds of properties that they have no interest in. The mortgagees that invested in the profitable properties would be effectively subsidizing the legal fees incurred with respect to the unprofitable property to the detriment of other stakeholders that would otherwise be entitled to the funds.

46. The Manager has been holding the disputed funds in trust pending the resolution of this dispute and, as part of the process of completing its mandate, now seeks direction from the Court.

**B. The properties and parties at issue**

47. Syndicates of private lenders led by Stephen Handelman registered mortgages on title to each of the following Schedule “B” Properties (the “**Handelman Properties**”):

- (a) 7-15 Fraser Avenue, Toronto, Ontario ( “**7-15 Fraser**”);
- (b) 30 Fraser Avenue, Toronto, Ontario (“**30 Fraser**” together with 7-15 Fraser, the “**Fraser Properties**”);
- (c) 140 Queen’s Plate Drive, Toronto, Ontario (“**140 Queen’s Plate**”);
- (d) 3765 St. Clair Avenue East, Toronto, Ontario (“**3765 St. Clair**”);
- (e) 78 Tisdale Avenue, Toronto, Ontario (“**78 Tisdale**”).

48. The composition of each syndicate is different. That is, not all mortgagees have mortgages registered against each of the Handelman Properties.

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49. Once the November 5 Order was issued and entered, the Manager obtained contact information for third party mortgagees with interests registered against the Properties and notified these mortgagees of the November 5 Order.

50. Like many other mortgagees, the Handelman Mortgagees retained counsel to represent their interests in these proceedings. Handelman Mortgagees have, at all times throughout the proceeding, been represented by common counsel.

51. The fees in issue on this motion relate to the early stages of the proceeding, including a motion (which was brought together with several other mortgagees) to either exempt the Handelman Properties against which they had registered an interest from, or substantially vary the terms of, the November 5 Order. The Applicants, the Manager and the moving mortgagees ultimately reached a series of compromises to address the mortgagees' concerns while continuing the Manager's efforts to realize on the assets at issue provided that the mortgages were kept in good standing.

52. On February 3, 2014, the Applicants advised the Manager that they were not prepared to fund any further obligations with respect to the Handelman Properties and several other Properties. The Manager notified the Handelman Mortgagees that the Companies that own the Handelman Properties would no longer be in a position to meet their obligations under the applicable mortgages on February 3, 2014. Each of the Companies that own the Handelman Properties defaulted on its mortgage obligations in early February 2014 by, among other things, failing to make monthly mortgage payments and failing to pay realty taxes.



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53. On February 18, 2014, the Handelman Group commenced power of sale proceedings in respect of 7-15 Fraser, 30 Fraser and 3765 St. Clair.<sup>6</sup> On March 4, 2014, the Handelman Group commenced power of sale proceedings in respect of 140 Queen's Plate. Apart from 78 Tisdale, each of the Handelman Properties was sold by the relevant Handelman Mortgagees in power of sale proceedings.

54. The first Handelman Property to be sold was 78 Tisdale. On closing, Messrs. Zimmerman and Wallach asserted that their clients were entitled to payment of legal fees totalling \$13,326 with respect to efforts to realize on the mortgage registered against 78 Tisdale and \$267,116 relating to their representation of their clients in connection with these proceedings. The Handelman Mortgagees asserted that all of these fees should be paid from the proceeds of 78 Tisdale. The Manager did not agree, since the effect of this allocation would be to relieve the mortgagees with interest registered against the other properties of any obligation to pay legal fees that they had incurred.

55. 3765 St. Clair was also sold for a price that was sufficient to allow the mortgagees with an interest in the property to recover all amounts due under the mortgage. The mortgage on 140 Queen's Plate was also paid in full.

56. Unfortunately, the sale of the Fraser Properties did not generate sufficient sale proceeds to pay the mortgage in full. Accordingly, the mortgagees with an interest in the Fraser Properties will not be able to recover the legal fees allocated to the Fraser Properties.

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<sup>6</sup> The Handelman Group also served power of sale proceedings with respect to the Property at 78 Tisdale. However, the Manager and the Handelman Group negotiated a forbearance agreement so that the Manager can complete a sale of that Property that is presently underway.

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57. Despite this, the Manager's view is that some portion of the legal fees incurred in connection with all of the Handelman Properties should be allocated to the Fraser Properties. If this is not done, then creditors and shareholders with an interest in the other Handelman Properties will be prejudiced because amounts that would be otherwise available to pay them would be used to pay legal fees relating to another property. Moreover, the Handelman Mortgagees did not negotiate for the right to collect legal fees incurred in relation to one Handelman Property from sale proceeds generated by another Handelman Property.

#### **IX. Disclosure by the Dupont Mortgagees**

58. As previously described in the Manager's 42<sup>nd</sup> Report, the Manager is seeking an order requiring the Dupont Mortgagees to disclose a copy of the GST/HST indemnity for self-assessment (the "**Indemnity**") in connection with the sale of the Dupont Mortgagee. The Manager's prior motion for this relief was adjourned in September 2016.

59. As described in the 42<sup>nd</sup> Report, 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 a copy of the Indemnity.

60. 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 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 Indemnity in connection with paying the tax refund to which Dupont Developments is entitled.

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61. The Manager has requested a copy of the 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 "F"**.

62. In light of the foregoing, the Manager determined that the assistance of the Court is required in order to secure a copy of the Indemnity so that the Manager may comply with CRA's request and perform its mandate.

63. By e-mail dated March 7, 2017, which is attached hereto as **Appendix "G"**, counsel to the Dupont Mortgagees advised counsel to the Manager that the Dupont Mortgagees take no position on the relief sought by the Manager on the within motion.

All of which is respectfully submitted this 21 day of March, 2017.

**SCHONFELD INC.**

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

Per:   
Harlan Schonfeld CPA, CA, CRRP

**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

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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

**MOTION RECORD OF THE MANAGER,**  
**SCHONFELD INC.**  
*(Motion returnable April 12, 2017)*

**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**



DD

Schedule B - Claims Process - Proposed Payment  
as of September 27, 2017

Company	Creditor	Claim Filed		Accepted		Proposed Payment		%
		Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	
Weston Lands Ltd.	Celestina Venuto Estate		30,856.59	5,528.80	25,327.79	5,528.80	7,005.72	
	Silvano & Celestina Investments Ltd		30,856.60	5,528.80	25,327.80	5,528.80	7,005.72	
	Gluck Partnership Architects Inc.		5,433.10		5,433.10		1,502.81	
	Laser Heating & Air Conditioning Inc.	4,257.34			4,257.34		1,177.59	
	OHE Consultants		35,821.00		35,821.00		9,908.16	
		4,257.34	102,967.29	11,057.60	96,167.03	11,057.60	26,600.00	27.7%

**DBDC SPADINA LTD. et al.**

and

**NORMA WALTON et al.**

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

Applicants

Respondents

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

Proceeding commenced at **Toronto**

**MOTION RECORD**  
**(VOLUME 2 OF 2)**  
*(Motion returnable October 6, 2017)*

**GOODMANS LLP**  
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