

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

B E T W E E N:

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

Applicants

- and -

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

Respondents

- and -

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

**SUPPLEMENTARY MOTION RECORD**  
(Motion returnable November 16, 2017)

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

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**SUPPLEMENTARY REPORT TO THE FIFTIETH REPORT  
OF THE MANAGER, SCHONFELD INC.**

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## **I. Introduction**

1. This is the Supplementary Report to the Fiftieth 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 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**”).

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

2. The purpose of this Report is to provide clarification with respect to the motion described in the 50<sup>th</sup> Report, and to provide an amended recommendation with respect to the allocation of fees and disbursements among the Schedule “C” Companies and a revised proposed distribution in respect of the Schedule “B” Companies.

3. The Manager’s motion, the terms of reference governing the 50<sup>th</sup> Report (and this Supplementary Report) and the background of this proceeding are all set out in the 50<sup>th</sup> Report.

### **B. Reallocation of Liabilities Owning by Schedule “B” Companies**

4. As is described in detail in the 50<sup>th</sup> Report, the Manager’s fees (and those of its counsel) and expenses have been allocated among the Schedule “B” Companies and the Schedule “C” Properties. The purpose of these efforts is to determine what costs and expenses each company or property *should* bear.

5. The Manager’s allocation analysis does not consider whether a particular property or company *can* fund the fees allocated to it. Accordingly, fees and advances allocated to Schedule “B” Companies and Schedule “C” Properties without funds had to be re-allocated to companies with sufficient funds.

6. As set out in the reallocation proposal attached as **Appendix “O”** to the 50<sup>th</sup> Report, the Manager recommends reallocating the unpaid advances of the Schedule “B” Companies to Twin

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

- 2 -

Dragons Corporation, which has the most surplus funds of any of the Schedule "B" Companies, and reallocating the unpaid advances of the Schedule "C" Properties to Cecil Lighthouse Ltd. The Manager has completed a Claims Process in respect of each of Twin Dragons Corporation and Cecil Lighthouse Ltd. and all creditors have been paid.

7. After the 50<sup>th</sup> Report was served, counsel for Christine and Michael Dejong (and companies that they control) (the "**Dejongs**") expressed a concern that the allocation proposal could adversely affect the Dejongs' claim relating to Cecil Lighthouse.

8. The Manager has considered the concerns raised by the Dejongs. In light of those concerns, it has revised its re-allocation proposal for the Schedule "C" Properties. The Manager's revised proposal is attached as **Appendix "A"**.

**C. Proposed Distribution in respect of the Schedule "B" Companies**

9. After the 50<sup>th</sup> Report was served, certain mathematical discrepancies were identified in the proposed distribution chart attached as Appendix "Q" to the 50<sup>th</sup> Report. A revised proposed distribution chart, which corrects such discrepancies, is attached as **Appendix "B"**.

All of which is respectfully submitted this 24<sup>th</sup> day of October, 2017.

**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

**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

**A**

**Schedule C Companies**  
**Fee and Funding Reallocation**

|                     | Fee<br>Shortfall | Funding<br>Shortfall | Total<br>Shortfall | Reallocation |
|---------------------|------------------|----------------------|--------------------|--------------|
| 44 Park Lane Circle | 1,274.45         |                      | 1,274.45           | (1,274.45)   |
| 777 St. Clarens     |                  |                      |                    | 4,793.25     |
| 260 Emerson         |                  |                      |                    | 4,793.25     |
| 66 Gerrard          |                  |                      |                    | 4,793.25     |
| 324 Prince Edward   |                  |                      |                    | 4,793.25     |
| 1 William Morgan    | 16,186.38        | 1,500.00             | 17,686.38          | (17,686.38)  |
| 3270 American Drive |                  |                      |                    | 4,793.25     |
| 321 Carlaw          | 14,746.10        |                      | 14,746.10          | (14,746.10)  |
| 346 Jarvis, Unit A. |                  |                      |                    | 2,396.64     |
| 346 Jarvis, Unit B  |                  |                      |                    | 2,396.63     |
| 346 Jarvis, Unit E  |                  | 2,736.97             | 2,736.97           | (2,736.97)   |
| 346 Jarvis, Unit F  |                  |                      |                    |              |
| 2454 Bayview        | 6,180.65         | 5,307.98             | 11,488.63          | (11,488.63)  |
| 30 Hazelton         |                  |                      |                    | 2,396.64     |
| 30A Hazelton        |                  |                      |                    | 2,396.63     |
| 24 Cecil            |                  |                      |                    | 4,793.25     |
| 2 Kelvin            |                  |                      |                    | 4,793.25     |
| 0 Luttrell          |                  |                      |                    | 4,793.25     |
|                     | <u>38,387.59</u> | <u>9,544.95</u>      | <u>47,932.54</u>   | <u>0.00</u>  |

**B**

Proposed Distribution as of October 18, 2017

|   | Companies with Prior Distributions under the January 27, 2015 Order |                   |                   |                   |                   |                   | Companies with no Prior Distribution |                   |                   |                   | TOTAL               |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------|-------------------|-------------------|---------------------|
|   | Lesliebrook Holdings  |                   | Royal Agincourt   |                   | Royal Gate        |                   | Tisdale Mews                         |                   | Twin Dragons      |                   |                     |
|   | 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         |                   | 265,750.18        |                                      | 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         |                   | 295,325.13        |                                      | 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>288,200.00</b> |                                      | <b>114,500.00</b> |                   | <b>483,400.00</b> | <b>927,500.00</b>   |
| <b>Total Potential Distribution to Applicants as Shareholder</b>        |   | <b>122,900.00</b> |                   | <b>219,300.00</b> |                   | <b>662,200.00</b> |                                      | <b>454,700.00</b> |                   | <b>992,100.00</b> | <b>2,451,200.00</b> |
| <b>Total Potential Distribution to Applicants as Creditor</b>           |   | <b>6,300.00</b>   |                   | <b>110,800.00</b> |                   | <b>65,900.00</b>  |                                      | <b>454,700.00</b> |                   | <b>637,700.00</b> | <b>637,700.00</b>   |
| <b>Grand Total Potential Distribution to Applicants</b>                 |   | <b>129,200.00</b> |                   | <b>330,100.00</b> |                   | <b>728,100.00</b> |                                      | <b>909,400.00</b> |                   | <b>992,100.00</b> | <b>3,088,900.00</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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and

**NORMA WALTON et al.**

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