

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**CROWE SOBERMAN INC., in its capacity as
Licensed Insolvency Trustee of 1482241 Ontario Limited**

AMENDED MOTION RECORD OF 1482241 ONTARIO LIMITED (“148”)

(Re: Payout of Funds to 148 and Dismissing the Trustee; Returnable October 18, 2018)

October 5, 2018

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INDEX

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

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**CROWE SOBERMAN INC., in its capacity as
Licensed Insolvency Trustee of 1482241 Ontario Limited**

INDEX

Tab	Document	Page No.
1	<u>Amended</u> Notice of Motion, dated October 5, 2018	1-9
2	Affidavit of Alain Checroune, sworn October 5, 2018	10-15
A	Exhibit "A" - Order and Endorsement by Justice Hainey, dated June 12, 2018	16-21
B	Exhibit "B" - Proof of claim submitted by the Property Claimants which contains the Share Purchase Agreement, along with the Agreement dated June 6, 2012 and Amended Agreement dated June 22, 2012	22-53
C	Exhibit "C" - Justice Dunphy's Endorsement, dated August 16, 2018	54-56

TAB 1

Court File No. 31-2303814
Estate File No. 31-2303814

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

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**CROWE SOBERMAN INC., in its capacity as
Licensed Insolvency Trustee of 1482241 Ontario Limited**

**AMENDED NOTICE OF MOTION
~~(Returnable June 12, 2018)~~
(Returnable October 18, 2018)**

**THE MOVING PARTY, 1482241 Ontario Limited (“148 Ontario” or the
“Company”)**, will make a the motion originally returnable to the Court to be heard, on June 12,
2018, at 10:00 a.m., to be heard on October 18, 2018 at 10:00 a.m., or as soon after that time as
the motion can be heard, at 330 University Avenue, Toronto, Ontario, M5G 1R7.

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

THE MOTION IS FOR:

1. An Order
 - a) abridging the time for and validating the service of the Notice of Motion and the Motion Record;
 - b) directing Crowe Soberman Inc. (**“Crowe Soberman”**), in its capacity as proposal

trustee for the Company (“**Proposal Trustee**”) to disburse the Sale Proceeds (as defined below) to 148 Ontario, subject to ~~holdbacks for the~~ having amounts currently in dispute with Dan Realty Corporation E. Mason Investments Limited and Cooperstone Investments Limited (collectively, the “**First Mortgagees**”), Janodee Investments Ltd. and Meadowshire Investments Ltd. (collectively, the “**Second Mortgagees**”) paid into Court, and ~~the DIP Lender, and professional fees for the Proposal Trustee, and its counsel;~~

- ~~e) directing that the Proposal Trustee’s role following the approval of the Company’s proposal is limited to dealing with claims and distributing proposal funds, and will not involve managing the operations of the Company;~~
- d) dismissing Crowe Soberman as Proposal Trustee; and
- e) directing that Crowe Soberman’s role shall be limited to its role as set out in the Proposal and, without limitation, will not be involved in managing the operations of the Company and/or its funds;

2. Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. 148 Ontario was the registered owner of the lands and premises located at 240 Duncan Mill Road, Toronto, Ontario (“**Property**”), a multi-unit, commercial building;
2. On October 13, 2017, 148 Ontario commenced restructuring proceedings under the

- Bankruptcy and Insolvency Act* (“**BIA**”) by filing a Notice of Intention to Make a Proposal (“**NOI**”);
3. Crowe Soberman Inc. is the proposal trustee with respect to the Company’s NOI (“**Proposal Trustee**”);
 4. On November 3, 2017, the Honourable Mr. Justice Hainey approved a sale solicitation process with respect to the Property (“**Sales Process**”), granted an administration charge in favour of the Proposal Trustee, its counsel and counsel for the Company, and approved a debtor-in-possession funding arrangement between 148 Ontario and Caruda Holdings Ltd. (“**DIP Lender**”);
 5. Pursuant to the Order of Justice Hainey, dated December 20, 2017, the deadline for the interested parties to submit bids in the Sales Process was extended;
 6. The Proposal Trustee entered into a transaction to sell the Property, which was approved by the Court on March 16, 2018 (“**Approval and Vesting Order**”). The Approval and Vesting Order also states that the proceeds from the sale of the purchased assets (“**Sale Proceeds**”) would be held by the Proposal Trustee in trust, pending further Order of the Court;
 7. On March 16, 2018, the First Mortgagees were paid amounts owing to them under the charge, less the amount of \$206,250, being the three months interest penalty being claimed by the First Mortgagees, which is still in dispute between the parties;
 8. On April 5, 2018, the Proposal Trustee was authorized to disburse \$1.2 million to the Second Mortgagees, which was owed to them by the Company under the mortgage. The

sum of \$450,378.19 plus accruing interest ~~is claimed by the Second Mortgagees, but~~ remains in dispute between the parties and was subject to a motion heard on September 20, 2018, which is currently under reserve;

9. By Order of the Court dated April 20, 2018, the Proposal Trustee was authorized to make distributions from the Sale Proceeds, including paying up to a maximum of \$200,000 to the Company to fund ongoing operations and expenses. This Order was amended on May 18, 2018 to provide that the Proposal Trustee could disburse up to \$200,000 to the Company on a monthly basis after having provided written notice to the Service List of its intention to make payments to the Company (“**Distribution Order**”);
10. By endorsement dated June 12, 2018, the Court removed the requirement for the Proposal Trustee to continue to provide notice to the Service List of payments previously set out in the Distribution Order, but maintained the requirement that expenses be reviewed;
11. The Company made a proposal to its creditors (“**Proposal**”) on or about April 12, 2018. The creditors voted in favour of the Proposal at the creditors’ meeting. ~~Court approval of the Proposal is scheduled for June 12, 2018~~ The Proposal was approved by the Court on June 12, 2018 (“**Approval Order**”);
12. The Approval Order also set out a process for the determination of claims filed by creditors in the estate. The Proposal Trustee is to make an initial determination as to whether a claim ought to be admitted or disallowed, but the Company is ultimately adjudicating the claim if necessary;
13. Despite making requests for more operating funds between March 29th and June 8th, the

Proposal Trustee has only disbursed \$200,000 to the Company. One payment of \$100,000 was made in April. Two payments of \$50,000 each for made at the beginning of May.

14. This pattern of dispute between the Company and the Trustee has continued since June. The Company has made requests for operating expenses in July and August, but the Proposal Trustee has only paid out a fraction of the requested amounts. Nothing was paid to the Company in September;
15. ~~No further funding was provided to the Company after the beginning of May;~~

Funds should be disbursed to the Company

16. The Company is cash poor. Its principal was required to personally fund services and moving expenses for the Company;
17. No creditor has made any objections to any disbursements to the Company thus far;
18. The Company has rented new office space and continues to incur operating expenses such as moving expenses, fees related to its leases premises, office supplies, IT support services and salaries for management, administrative staff and other professionals, which it cannot pay without the Proposal Trustee's consent ~~and notice to the Service List;~~
19. The Company also retains two pieces of outstanding litigation for which it requires funding to pursue. The previous counsel for the Company, which was recommended by Crowe Soberman, failed to move those matters forward in a manner satisfactory to the Company;

20. As a result of the Approval and Vesting Order and the Distribution Order, a cumbersome process has been established wherein the Proposal Trustee scrutinizes the Company's expenses, then was to advise the Service List of any proposed distributions to the Company. This process was not cost effective or efficient. The Proposal Trustee has limited resources and cannot process the Company's requests for funding in real time, which makes it difficult for the Company to run its business.
21. The most cost-effective and straight-forward way to move forward, ~~pending approval of the Proposal~~, is for the Proposal Trustee to be relieved from holding the Sale Proceeds in trust, and to allow the Company to have access to its own money and reduce all unnecessary costs and/or expenses;
22. It is usual in a debtor driven restructuring for the debtor to have access to its funds;
23. The admitted claims as at the date of the creditors' meeting suggest that there could be a large surplus payable to the Company from the Sale Proceeds;
24. No further disbursements should be paid pending the hearing of this motion;

Crowe Soberman should be dismissed as Proposal Trustee

25. The Property has been sold and the Proposal has been approved by the Court. The Proposal Trustee no longer has a role to play in the operation of the Company;
26. The Company is adjudicating the claims advanced by the Property Claimants, following a failed mediation, in accordance with the Approval Order and the Endorsement of Justice Dunphy dated August 16, 2018;

27. The Company has consistently denied this claim is valid or that anything is owing;
28. No other claims are currently being disputed or actively contested;
29. On June 12, 2018 the Court adjourned this motion, in part, in order to allow the Proposal Trustee to complete a claims bar process to determine what further claims, if any, existed against the Company other than those known as at the date of the creditors meeting;
30. The Proposal Trustee has now performed its function with respect to the claims bar process under s. 4.3 of the Proposal. Having reviewed all claims, other than the contested Property Claim, it is clear that there are ample funds in the estate to pay all claims in full, net of certain holdbacks and assuming the related party claims are withdrawn;
31. The Property Claim is subject to a litigation protocol under which a summary trial is to be held by the end of the year but in respect of which the timing of an ultimate decision or final order is not known;
32. The Property Claim is composed of two claims. One of which is based upon an alleged property claim over the Sale Proceeds, and one which is as a result of a claim for breach of contract. The property claim, at its highest, is limited to 20% of the Sale Proceeds, which is denied;
33. The breach of contract claim is for approximately \$42,000,000 and is based upon a breach of contract claim to which the Company is not a party. That claim is wholly without merit, has been disallowed by the court and is being appealed;
34. The Company is incurring interest charges to its largest unsecured creditor with a proven

claim, its former lawyer, Gowling WLG. The interest charges have amounted to \$14,000 since this matter was last before the court in July 2018;

35. The Company is engaged in business, including the acquisition of a property, in respect of which it needs access to its funds in order to proceed. The Company is incurring expenses in connection with its business which are beyond the Proposal Trustee's ordinary scope of review. There is monthly friction over the appropriateness of these expenses, which have resulted almost always in the Proposal Trustee taking the more conservative approach to those expenses. The proposed motion will relieve the Proposal Trustee of that responsibility, which will simplify matters and reduce costs;
36. It is an ordinary occurrence for a company which enters into a proposal which requires payment of funds by the company at various intervals into the future following approval of a proposal for that company to have control of its funds pending completion of the Proposal ;
37. In the event the Company fails to perform its Proposal, it's restructuring will fail;
38. The role of the Proposal Trustee going forward is limited to its role under the Proposal. In addition to its limited function with respect to determining claims, the only other task that is left for the Propose Trustee to perform under the Proposal is to distribute the Proposal Funds once they are paid to the Proposal Trustee.;
39. It is appropriate to dismiss Crowe Soberman as Proposal Trustee given its limited mandate at this stage in the Proposal;
40. The inherent jurisdiction of this Honourable Court;

41. Such further and other grounds as counsel may advise and this Honourable Court may permit.
42. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:
43. The Affidavit of Alain Checroune, sworn June 8, 2018;
44. The Affidavit of Alain Checroune, sworn October 5, 2018;
45. Such further and other evidence as this Honourable Court may permit.

October 5, 2018

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Lawyers for 1482241 Ontario Limited

TAB 2

Court File No. 31-2303814
Estate File No. 31-2303814

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

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**CROWE SOBERMAN INC., in its capacity as
Licensed Insolvency Trustee of 1482241 Ontario Limited**

**AFFIDAVIT OF ALAIN CHECROUNE
(Sworn October 5, 2018)**

I, **ALAIN CHECROUNE**, of the City of Toronto in the Province of Ontario, make oath and swear:

1. I am the President and a director and officer of 1482241 Ontario Limited (“**148 Ontario**” or the “**Company**”) and have been such for 17 years, and as such I have personal knowledge of the matters to which I depose to herein. Where this affidavit is based upon information received from others, I have identified the source of that information, and verily believe that information to be true.

2. I swear this affidavit in support of a motion brought by 148 Ontario for an Order, *inter alia*, directing Crowe Soberman Inc. (“**Crowe Soberman**”), to return all funds currently in its possession from the sale of the Property to the Company, subject to certain monies being paid into Court, and dismissing Crowe Soberman as Proposal Trustee. This affidavit is being provided in addition to my affidavit sworn June 8, 2018 (“**June 8th Affidavit**”) and provides an update on certain events since my original affidavit. All terms not otherwise defined herein have the

meaning ascribed to them in the June 8th Affidavit.

Proposal has been approved

3. The Proposal was approved by the Court on June 12, 2018 (“**Approval Order**”). A copy of the Approval Order and the corresponding Endorsement by Justice Hainey is attached hereto and marked as **Exhibit “A”**.

4. In addition to approving the Proposal, the Approval Order also set out a claims adjudication process with a very limited role for the Proposal Trustee.

5. I am advised by the Proposal Trustee that two additional claims were filed, which were not identified at the time of the creditors’ meeting. One claim is from the City of Toronto for \$3,192.25 and the second claim is a contingent litigation claim from an individual who has an outstanding slip and fall action which predates these proceedings and to which the Company’s insurance has responded. I do not expect that claim, to the extent it is valid at all which is not admitted, to be paid in the Proposal.

6. Since the sale of the Property, the Proposal Trustee has not had any involvement in the Company’s business operations. It has performed its function under the Proposal, including with respect to the claims bar process and the determination of claims. In accordance with s. 6.1 of the Proposal, the only task left for the Proposal Trustee to do under the Proposal is to pay outstanding Administrative Fees and Expenses and distribute the *pro rata* share of the Proposal Fund to Creditors with Proven Claims.

7. The problems with approving the Company expenses outlined in the June 8th Affidavit continue. The Company has made requests for operating expenses for July and August in

accordance with the Proposal, but the Proposal Trustee has only disbursed a fraction of the requested funds to the Company. The Company has received nothing for September. The Proposal Trustee continues to oppose the Company's funding requests, and is using the Company's money to do so.

8. Set out below is a chart which illustrates the amounts received versus the amounts requested by the Company for operating expenses:

Month (2018)	Amounts Requested	Amounts Received
July	\$183,590	\$75,590
August	\$188,790	\$64,790
September	\$200,000	\$0
Total	\$572,380	\$140,380

Property Claimants

9. As described in the June 8th Affidavit, the Property Claimants advanced property proofs of claim claiming that they hold a 20% beneficial interest in the Property and/or the Sale Proceeds ("**Property Claim**"). In addition to the Property Claim, the Property Claimants also submitted an unsecured claim in the amount of \$42,705,000 ("**Unsecured Claim**"), which is factually related to the Property Claim.

10. The Proposal Trustee has disallowed the Property Claim in full. On May 31, 2018, the Property Claimants appealed the Proposal Trustee's disallowances. I am advised by my counsel, Alexandra Teodorescu, that the Unsecured Claim has been deemed disallowed as a result of Justice Dunphy's Endorsement attached at Exhibit "B." The Property Claimants are also contesting the disallowance of the Unsecured Claim.

11. As set out in my earlier affidavits, the Company is of the view that nothing is owing to the Property Claimants. The Unsecured Claim is for damages arising from an agreement made in June 2012 under which the Property Claimants sought to purchase 100% of the Company's shares, which never closed ("**Share Purchase Agreement**").

12. Attached hereto and marked as **Exhibit "B"** are the property proofs of claim submitted by the Property Claimants as well as the Share Purchase Agreement and the Amendment, which form the basis for the property proofs of claim. The only parties to the Share Purchase Agreement are the Property Claimants and myself. It is an agreement for the acquisition of shares which I held, and not for the assets of the Company.

13. The Share Purchase Agreement does not give rise to a valid claim vis-à-vis the Company and have no standing to assert the Unsecured Claim in the estate.

14. A mediation to resolve the claims advanced by the Property Claimants took place on July 31, 2018, but was unsuccessful. Justice Dunphy established a schedule for the claims to be adjudicated by the Court by way of a 2-3 day mini-trial commencing on December 3rd, 2018. Justice Dunphy also confirmed that, while the Proposal Trustee is to be a party, the defence of the appeals from the trustee's disallowances will be borne by the Company. A copy of Justice Dunphy's Endorsement, dated August 16, 2018, is attached hereto and marked as **Exhibit "C"**.

15. I believe that the Unsecured Claim was filed solely for the purpose of delaying the distribution of proceeds under the Proposal. The amount claimed is so large it is meant to prevent any possible meaningful interim dividend pending its resolution.

16. While the determination of the Unsecured Claim is to be dealt with at the mini-trial in

December, it is not appropriate to hold back funds to address the Unsecured Claim and prevent an interim distribution to the creditors given the complete lack of basis for the claim. Nothing in Justice Dunphy's scheduling endorsement prevents such a distribution.

17. The Company is incurring interest charges to its largest unsecured creditor with a proven claim, its former lawyer, Gowling WLG. The interest charges have amounted to \$14,000 since this matter was last before the court in July 2018.

18. I propose that the remaining funds be paid to the Company, subject to the following monies that will be paid into Court:

- (a) 250,000 in respect of the amount in dispute with the first mortgagees plus costs;
- (b) \$475,000 in respect of the amount in dispute with the second mortgagees plus costs;

and subject to the payment of the outstanding professional fees, subject to their review and approval by the Company and the Court.

19. I am advised by Andy Degan that the DIP Lender does not oppose the release of the funds to the Company, notwithstanding the fact that approximately \$650,000 is currently in dispute with the DIP Lender for outstanding advances under the DIP facility.

20. I have been advised by Blaney McMurtry LLP, Company counsel, that in the event the Company fails to perform the Proposal, the restructuring will fail.

21. I have run the Company for 17 years and have worked very hard this past year, at significant personal expense in order to take the Company through this restructuring. I have

every intention of directing the Company to pay the proven claims under the Proposal once the Property Claim issue is resolved.

22. Given that the Company is involved in developing real estate and other transactions as previously reported in these proceedings, and is actively pursuing two pieces of litigation (against North York Family Physician Holdings Ltd. and against Clear Custom Brokers Ltd.) which I expect to generate significant funds for the Company, I would be very concerned to see the Company fall into bankruptcy and to have these assets lost to creditors.

23. I swear this affidavit in support of 148 Ontario's motion for an Order, *inter alia*, directing the Proposal Trustee to disburse all funds currently in its possession from the sale of the Property to the Company, subject to certain monies being paid into Court, and dismissing Crowe Soberman as Proposal Trustee, and for no improper purpose.

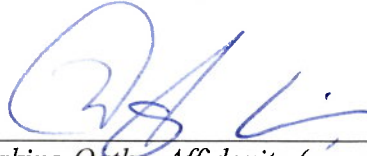
SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 5th day of October, 2018.

A Commissioner for Taking Affidavits, etc.
David T. Ullmann

}

ALAIN CHECROUNE

This is Exhibit "A" referred to in the Affidavit of Alain Checroune
sworn before me this 5th day of October, 2018.



A Commissioner for Taking Oaths, Affidavits (or as may be) in Ontario

David T. Ullmann

Court File No. 31-2303814

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE)	TUESDAY, THE 12 TH
)	
JUSTICE HAINEY)	DAY OF JUNE, 2018

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**


ORDER re PROPOSAL APPROVAL

THIS MOTION, made by Crowe Soberman Inc., in its capacity as the proposal trustee (in such capacity, the “**Proposal Trustee**”) of 1482241 Ontario Limited (the “**Debtor**”), for an order, *inter alia*, (a) approving the fifth report of the Proposal Trustee dated April 13, 2018 (the “**Fifth Report**”) and the activities of the Proposal Trustee described therein; (b) approving the sixth report of the Proposal Trustee dated May 31, 2018 (the “**Sixth Report**”) and the activities of the Proposal Trustee described therein; (c) approving the Company’s proposal dated April 13, 2018, as amended on May 3, 2018 (the “**Proposal**”); (d) establishing a dispute resolution process for any objections raised by the Debtor relating to claims filed in the proposal; and (e) approving the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel, and the Debtor’s counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixth Report of the Proposal Trustee dated May 31, 2018 (the “**Sixth Report**”) and the appendices thereto, the fee affidavit of Hans Rizarri sworn May 29, 2018 (the “**Rizarri Affidavit**”), the fee affidavit of Ian Aversa sworn May 31, 2018 (the “**Aversa**

Affidavit”), and the affidavit of Alain Checroune sworn June 8, 2018, and on hearing the submissions of counsel for the Proposal Trustee, counsel for the Debtor and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Miranda Spence sworn June 1, 2018, filed,

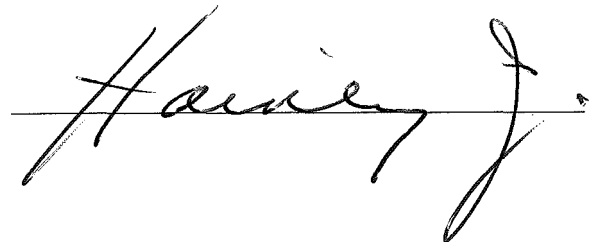
1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Fifth Report and the activities of the Proposal Trustee described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Sixth Report and the activities of the Proposal Trustee described therein be and are hereby approved.
4. **THIS COURT ORDERS** that the Amended Proposal be and is hereby approved.
5. **THIS COURT ORDERS** that any objections raised by the Company to claims filed by creditors shall be addressed as follows:
 - (a) the Proposal Trustee will make an initial determination as to whether a claim ought to be admitted or disallowed, and will advise the Company of its determination in this regard;
 - (b) the Company will communicate any objection to the admitted claims to the Proposal Trustee, in writing, including the basis for the objection, within seven days of the issuance of the Proposal Trustee’s decision in paragraph (a) above;

- (c) the Proposal Trustee will consider the objection raised by the Company, and will advise the Company and the relevant creditor of its determination of the claim having regard for the Company's objection;
- (d) if the Proposal Trustee admits a claim after having reviewed the Company's objection, the Company may seek to have its objection adjudicated on motion to the Court ~~upon posting, with counsel for the Proposal Trustee, security for costs sufficient to cover the relevant creditor's substantial indemnity costs associated with the objection proceeding; and~~ 
- (e) the Proposal Trustee will work with the Company to schedule any objection motions, with the goal of minimizing the number of Court attendances required to address any such motions.

6. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee as described in the Sixth Report and as set out in the Rizarri Affidavit, be and are hereby approved, and the Proposal Trustee is hereby authorized to pay such fees from the Sale Proceeds.

7. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee's counsel as described in the Sixth Report and as set out in the Aversa Affidavit, be and are hereby approved, and the Proposal Trustee is hereby authorized to pay such fees from the Sale Proceeds.

8. **THIS COURT ORDERS** that the fees and disbursements of the Debtor's counsel in the sum of \$75,562.61, be and are hereby approved, and the Proposal Trustee is hereby authorized to pay such fees from the Sale Proceeds.



IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2303814

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN BANKRUPTCY AND INSOLVENCY
Proceedings commenced at Toronto

ORDER re PROPOSAL APPROVAL

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
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Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

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302553.00010/98816313.2

10:00 A.M.
COUNSEL SLIP

H

COURT FILE NO 31-2303814

DATE JUNE 12, 2018

NO ON LIST 7 & 8

1482241 ONTARIO LIMITED

TITLE OF
PROCEEDING

COUNSEL FOR:

PLAINTIFF(S) Miranda Spence for Proposal Trustee

PHONE & FAX NOS

APPLICANT(S) T. 416-865-3414

PETITIONER(S) F. 416-863-1515

E. mspence@airdberliss.com

COUNSEL FOR:

David Ullmann for 1482241

PHONE & FAX NOS

DEFENDANT(S) Ontario Limited

RESPONDENT(S) (T) 596-4289 dullmann@blaney.com
(F) 594-2437

Emily Y. Fan, Lerners LLP for

416.601.2390

efan@lerner.ca

Jonodie Investment & 2nd
Meadowshire Investments mortgage

Neil Kabinovitch for Clear Customs

416-863-4656

neil.kabinovitch@dentons.com

Christopher Stawick for Gowling WLG (Canada) LLP

416-867-4369

christopher.stawick@gowlingwlg.ca

C. MILLS for Neelofan Ahmadi
and James
Itassiani

T 416 595-8596

F 416 595-8695

Michael Bezzinski
for NYFPH (tenant)

Tel - 416-777-2394

Fax - 416-865-1398

June 12, 2018

Crowe Tscherman's Motion is granted on the terms of the attached Order re Proposal Approval for greater certainty. The Proposal Trustee shall receive the debtor's operating expenses before making any payments pursuant to § 5.6.5 of the Proposal.

Mr. Ulman's Motion is adjourned to a date to be set with the Commercial and Office.

1 day Judicial The date set for July 30/18 with respect to Mr. Hill's Motion. 2 hours set with the over September 20/18 for Ms. Fox's Motion.
Hansen J

This is Exhibit "B" referred to in the Affidavit of Alain Checroune
sworn before me this 5th day of October, 2018.



A Commissioner for Taking Oaths, Affidavits (or as may be) in Ontario

David T. Ullmann

Bankruptcy and Insolvency Act
PROOF OF CLAIM (PROPERTY)

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO and the claim of Neelofar Ahmadi, creditor.

I, Neelofar Ahmadi, of the Town of Richmond Hill in the Province of Ontario, DO HEREBY CERTIFY:

1. That I am the claimant.
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That on the 13th day of October, 2017, 1482241 Ontario Limited (the “**Debtor**”) filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).
4. That on that date the property enumerated in the document(s) attached and marked “A” was in the possession of the Debtor, and still remains in the possession of the Debtor and the trustee.
5. That the claimant hereby claims that property, or interest in it, by virtue of the document(s) attached and marked “A” and “B”, namely:

(i) The claimant claims a five percent (5%) beneficial interest in the real property described as LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS 1284; TORONTO (N YORK), CITY OF TORONTO and known municipally as 240 Duncan Mill Road, Toronto, Ontario; and identified as Parcel Identifier Number 100880069 (the “**Property**”, which term also includes the chattels, fixtures, equipment and leases and rental agreements relating thereto);

(ii) The claimant’s claim to the above-noted interest in the Property is based upon the following documents, copies of which are attached hereto:

(A) Trust Declaration dated September 21, 2005 between 1482241 Ontario Limited, as Trustee, and Alain Checroune, as Beneficiary; and

(B) Amended Trust Declaration dated June 22, 2012 between and among 1482241 Ontario Limited, as Trustee, Alain Checroune, Jamshid Hussaini and Neelofar Ahmadi.

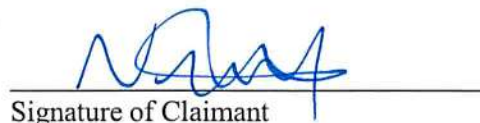
6. That the claimant is entitled to demand from the Debtor and the trustee the return of the property enumerated in these documents.
7. That I hereby demand that the trustee return to me the property enumerated in the document(s) within the 15 days after the filing of this form, or within the 15 days after the first meeting of the creditors of the debtor, whichever is the later.

SWORN before me at the City of VAUGHAN, REGION OF YORK, ^{IN THE} in the Province of Ontario, this 30TH day of JANUARY, 2018.

Commissioner of Oaths
for the Province of Ontario



IVAN MERROW
LAWYER



Signature of Claimant

“A”

"A"

TRUST DECLARATION

THIS AGREEMENT made as of the 21st day of September, 2005.

BETWEEN:

1482241 ONTARIO LIMITED

(hereinafter called the "Trustee")

OF THE FIRST PART

- and -

ALAIN CHECROUNE

(hereinafter called the "Beneficiary")


OF THE SECOND PART

FOR GOOD AND VALUABLE CONSIDERATION (the receipt and sufficiency of which are hereby acknowledged by the parties hereto) the parties hereto agree as follows:

1. The Trustee acknowledges and agrees that it holds legal title to the lands and premises more particularly described on Schedule A hereto (the "Property") in trust as a bare trustee for the Beneficiary and that it shall have no beneficial interest whatsoever therein.
2. The Trustee agrees to remit to the Beneficiary or as it may direct all revenue owing from the Property to which it holds legal title in any way arising out of or in connection with the Property.
3. The Trustee agrees that it will from time to time execute and deliver at the request of the Trustee, such instruments or documents as may be required to convey legal title to the Property, and where the Property is comprised of parcels capable of being conveyed separately, then to any of such parcels, to the Beneficiary or as it may direct.
4. The Beneficiary shall fully and completely indemnify and save harmless the Trustee from all liability, claims, charges, encumbrances, obligations, responsibilities or omissions and all costs and expenses, including legal costs and expenses, in connection with the Property and the hotel within which it is situate during the entire period of time that the Trustee holds legal title to the Property pursuant to this Agreement, including, without limitation, payment of taxes and levies, condominium fees and charges, utilities, repairs, insurance, maintenance, mortgage principal and interest.
5. The Trustee agrees to execute and deliver or cause to be executed and delivered to the Beneficiary such instruments as further assurance as may be requested by the Beneficiary to give effect to the terms of this Agreement.
6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the Trustee and the Beneficiary have executed this Agreement as of the date above first written.

1482241 ONTARIO LIMITED

Per: 
Alain Checroune, A.S.O.

"I have the authority to bind the corporation."


ALAIN CHECROUNE

Schedule "A"

LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS 1284; TORONTO (N YORK), CITY OF TORONTO; and identified as Parcel Identifier Number ("PIN") 100880069 comprising approximately 11,650 m2

“B”

"B"**AMENDED TRUST DECLARATION****DATED** June 22, 2012.**BETWEEN:****1482241 ONTARIO LIMITED**

(hereinafter called the "Trustee")

OF THE FIRST PART

- and -

ALAIN CHECROUNE**OF THE SECOND PART**

- and -

JAMSHID HUSSAINI**OF THE THIRD PART**

- and -

NEELOFAR AHMADI**OF THE FOURTH PART**

WHEREAS the Trustee and Alain Checroune, as beneficiary, entered into a trust declaration dated as of September 21, 2005, as amended (collectively the "Declaration");

AND WHEREAS the parties hereto (collectively the "Parties") desire to further amend the Declaration as hereinbelow set forth;

NOW THEREFORE, for good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The Declaration remains in full force and effect, unamended except as may be indicated herein.
2. Defined terms not otherwise defined herein shall have the meanings attributed thereto in the Declaration.
3. Alain Checroune, being the beneficial owner of one hundred percent (100%) of the interest in the Property, hereby transfers and assigns twenty percent (20%) of his interest in the Property, including the chattels, fixtures, equipment and leases and rental agreements relating thereto (collectively the "Property and Assets"), as follows:
 - (a) As to fifteen percent (15%), to Jamshid Hussaini; and


(b) As to five percent (5%) to Neelofar Ahmadi

and does hereby direct the Trustee to record this transaction on its books and records.

4. In view of the foregoing, the Trustee acknowledges and declares that it is now holding:
- (a) A fifteen percent (15%) interest in the Property and Assets in trust for Jamshid Hussaini;
 - (b) A five percent (5%) interest in the Property and Assets in trust for Neelofar Ahmadi; and
 - (c) An eighty percent (80%) interest in the Property and Assets in trust for Alain Checroune.
5. This agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns.


IN WITNESS WHEREOF the Parties have executed this amendment as of the date above first written.


1482241 ONTARIO LIMITED

Per: 
Alain Checrone, A.S.O.

"I have the authority to bind the corporation."


ALAIN CHECRONE


JAMSHED HUSSAINI


NEELOFAR ARMADI

Bankruptcy and Insolvency Act
PROOF OF CLAIM (PROPERTY)

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO and the claim of Jamshid Hussaini, creditor.

I, Jamshid Hussaini, of the TOWN OF RICHMOND HILL in the Province of Ontario, DO HEREBY CERTIFY:

1. That I am the claimant.
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That on the 13th day of October, 2017, 1482241 Ontario Limited (the “Debtor”) filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).
4. That on that date the property enumerated in the document(s) attached and marked “A” was in the possession of the Debtor, and still remains in the possession of the Debtor and the trustee.
5. That the claimant hereby claims that property, or interest in it, by virtue of the document(s) attached and marked “A” and “B”, namely:

(i) The claimant claims a fifteen percent (15%) beneficial interest in the real property described as LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS 1284; TORONTO (N YORK), CITY OF TORONTO and known municipally as 240 Duncan Mill Road, Toronto, Ontario; and identified as Parcel Identifier Number 100880069 (the “Property”, which term also includes the chattels, fixtures, equipment and leases and rental agreements relating thereto);

(ii) The claimant’s claim to the above-noted interest in the Property is based upon the following documents, copies of which are attached hereto:

- (A) Trust Declaration dated September 21, 2005 between 1482241 Ontario Limited, as Trustee, and Alain Checroune, as Beneficiary; and
- (B) Amended Trust Declaration dated June 22, 2012 between and among 1482241 Ontario Limited, as Trustee, Alain Checroune, Jamshid Hussaini and Neelofar Ahmadi.

6. That the claimant is entitled to demand from the Debtor and the trustee the return of the property enumerated in these documents.
7. That I hereby demand that the trustee return to me the property enumerated in the document(s) within the 15 days after the filing of this form, or within the 15 days after the first meeting of the creditors of the debtor, whichever is the later.

SWORN before me at the City of VAUGHAN, REGION OF YORK ^{IN THE} in the Province of Ontario, this 30TH day of JANUARY, 2018.

Commissioner of Oaths
for the Province of Ontario



IVAN MERROW
LAWYER



Signature of Claimant

“A”

"A"

TRUST DECLARATION

THIS AGREEMENT made as of the 21st day of September, 2005.

B E T W E E N:

1482241 ONTARIO LIMITED

(hereinafter called the "Trustee")

OF THE FIRST PART

- and -

ALAIN CHECROUNE

(hereinafter called the "Beneficiary")

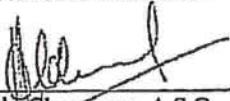
OF THE SECOND PART

FOR GOOD AND VALUABLE CONSIDERATION (the receipt and sufficiency of which are hereby acknowledged by the parties hereto) the parties hereto agree as follows:

1. The Trustee acknowledges and agrees that it holds legal title to the lands and premises more particularly described on Schedule A hereto (the "Property") in trust as a bare trustee for the Beneficiary and that it shall have no beneficial interest whatsoever therein.
2. The Trustee agrees to remit to the Beneficiary or as it may direct all revenue owing from the Property to which it holds legal title in any way arising out of or in connection with the Property.
3. The Trustee agrees that it will from time to time execute and deliver at the request of the Trustee, such instruments or documents as may be required to convey legal title to the Property, and where the Property is comprised of parcels capable of being conveyed separately, then to any of such parcels, to the Beneficiary or as it may direct.
4. The Beneficiary shall fully and completely indemnify and save harmless the Trustee from all liability, claims, charges, encumbrances, obligations, responsibilities or omissions and all costs and expenses, including legal costs and expenses, in connection with the Property and the hotel within which it is situate during the entire period of time that the Trustee holds legal title to the Property pursuant to this Agreement, including, without limitation, payment of taxes and levies, condominium fees and charges, utilities, repairs, insurance, maintenance, mortgage principal and interest.
5. The Trustee agrees to execute and deliver or cause to be executed and delivered to the Beneficiary such instruments as further assurance as may be requested by the Beneficiary to give effect to the terms of this Agreement.
6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the Trustee and the Beneficiary have executed this Agreement as of the date above first written.

1482241 ONTARIO LIMITED

Per: 
Alain Checroune, A.S.O.

"I have the authority to bind the corporation."


ALAIN CHECROUNE

Schedule "A"

LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS 1284; TORONTO (N YORK), CITY OF TORONTO; and identified as Parcel Identifier Number ("PIN") 100880069 comprising approximately 11,650 m2

“B”

"B"**AMENDED TRUST DECLARATION****DATED** June 22, 2012.**BETWEEN:****1482241 ONTARIO LIMITED**

(hereinafter called the "Trustee")

OF THE FIRST PART

- and -

ALAIN CHECROUNE**OF THE SECOND PART**

- and -

JAMSHID HUSSAINI**OF THE THIRD PART**

- and -

NEELOFAR AHMADI**OF THE FOURTH PART**

WHEREAS the Trustee and Alain Checroune, as beneficiary, entered into a trust declaration dated as of September 21, 2005, as amended (collectively the "Declaration");

AND WHEREAS the parties hereto (collectively the "Parties") desire to further amend the Declaration as hereinbelow set forth;

NOW THEREFORE, for good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The Declaration remains in full force and effect, unamended except as may be indicated herein.
2. Defined terms not otherwise defined herein shall have the meanings attributed thereto in the Declaration.
3. Alain Checroune, being the beneficial owner of one hundred percent (100%) of the interest in the Property, hereby transfers and assigns twenty percent (20%) of his interest in the Property, including the chattels, fixtures, equipment and leases and rental agreements relating thereto (collectively the "Property and Assets"), as follows:
 - (a) As to fifteen percent (15%), to Jamshid Hussaini; and

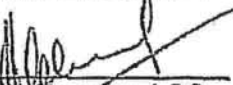
(b) As to five percent (5%) to Neelofar Ahmadi

and does hereby direct the Trustee to record this transaction on its books and records.

4. In view of the foregoing, the Trustee acknowledges and declares that it is now holding:
 - (a) A fifteen percent (15%) interest in the Property and Assets in trust for Jamshid Hussaini;
 - (b) A five percent (5%) interest in the Property and Assets in trust for Neelofar Ahmadi; and
 - (c) An eighty percent (80%) interest in the Property and Assets in trust for Alain Chacroune.
5. This agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns.

IN WITNESS WHEREOF the Parties have executed this amendment as of the date above first written.

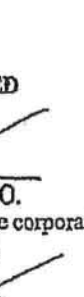
1482241 ONTARIO LIMITED

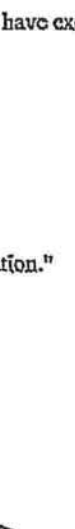
Per: 

Alain Checroigne, A.S.O.

"I have the authority to bind the corporation."


ALAIN CHECROIGNE


JAMSHED HUSSAINI


NEELOFAR AHMADI

06-07-12 THU 15:16 FAX 416 117 1170

Alain Checrone

0001

AGREEMENT

THIS AGREEMENT made this 6th day of, June 2012

BETWEEN:

Jamshid Hussaini and Neelofar Ahmadi
(hereinafter referred to as the "Purchaser")

OF THE FIRST PART

AND

Alain Checrone
(hereinafter referred to as the "Vendor")

OF THE SECOND PART

WHEREAS :

1. The Vendor is the registered and beneficial owner of all the issued and outstanding shares in the capital of 1482241 Ontario Limited
2. 1482241 Ontario Limited is the registered owner of a property located at 240 Duncan Mill Road in the City of Toronto subject to a mortgage in the amount of \$9,000,000.00.
3. The Purchaser wishes to purchase, and the Vendors wish to sell ~~all issued and outstanding~~ shares in the capital of the said corporation;



JH/NA

*JH
NA*

NOW THIS AGREEMENT WITNESSES that in consideration of the mutual covenants contained herein, the parties for themselves, their heirs, executors, administrators, successors and assigns respectively, mutually agree as follows:

1. Interpretation

*NA
JH*

08 07-12 THU 15:46 FAX 116 447 1179

Alain Checrone

0002

1.1 Defined Terms In this agreement and in the Schedules hereto, unless there is something in the subject matter or context inconsistent therewith, the following terms and expressions will have the following meanings:

(a) "Closing Date" means 10 days after the purchaser signs this offer. ✓
~~waives the conditions contained in paragraph 1.1, or such other date as the Vendors and Purchaser may agree upon, the purchaser shall have the right to extend closing for a period of one month at their sole discretion in order to complete their due diligence.~~ *Handwritten: N.A. / J.H.*
If for any reason this transaction does not close, this offer will become null and void and the deposit will be returned to the purchaser without any deduction.

(b) "Corporation" means 1482241 Ontario Limited.

1.2 Currency. Unless otherwise indicated, all dollar amounts referred to in this agreement are in lawful money of Canada.

1.3 Choice of law and attorney. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, and the laws of Canada applicable therein.

1.4 Interpretation not affected by headings or party drafting. The division of this agreement into articles, sections, paragraphs, subsection and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this agreement. The terms "this agreement", "hereof", "herein", "hereunder" and similar expressions refer to this agreement and the Schedules hereto and not to any particular article, section, paragraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Each party hereto acknowledges

Handwritten: N.A. / J.H.

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Alata Checoune

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that it had its legal counsel have reviewed and participated in settling the terms of this agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this agreement.

1.5 Number and gender. In this agreement, unless there is something in the subject-matter or context inconsistent therewith,

- (a) words in the singular number include the plural and such words shall be construed as if the plural had been used.
- (b) words in the plural include the singular and such words shall be construed as if the singular had been used, and
- (c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

1.6 Time of essence. Time shall be of the essence hereof.

1.7 Joint and several obligations. If the Vendors are constituted by more than one person, their obligations hereunder as the Vendors are joint and several.

2. Purchase and Sale

2.1 Purchased Shares. On the terms and subject to the fulfilment of the conditions hereof, the Vendor hereby agrees to sell, assign and transfer to the Purchasers, and the Purchasers hereby agree to purchase and accept from the Vendor, 36.67% of the issued shares of 148221 Ontario Limited (the Purchased Shares) with the further 63.33% to be

✓
 J.H.
 J.H.

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124th Street

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made available by the vendor to the purchaser and to be transferred after all payments are made as set out below.

2.2 Purchase Price. The price payable by the Purchaser to the Vendor for the Purchased Shares will be based on the sum of \$6,000,000.00 (Six Million Dollars) as the value of the corporation subject to adjustments as set out below.

2.3 Deposit The purchaser shall pay a deposit of \$200,000.00, in trust, to the vendor's lawyer, upon acceptance of this agreement to be held in trust pending completion or other termination of this agreement and to be credited to the Purchase Price upon completion.

2.4 Balance due on closing The purchaser shall pay a further sum of \$2,000,000 (Two Million) upon closing subject to adjustments as set out below. Upon payment of this sum the vendor shall transfer to the purchaser the 36.67% of the shares of the Corporation. The purchaser can thereafter purchase the remaining 63.33% of the shares in the Corporation from the vendor when payment is made as set out below. The purchaser shall have the rights of a 36.67% shareholder following closing, and will be entitled to vote on the election of the board of directors, the appointment of officers of the Corporation, and share in the distribution of profits of the Corporation to the extent of the purchaser's shareholding. Until the purchaser buys the full 100% of the shares in the Corporation as contemplated herein, the purchaser shall not be permitted or entitled to manage the business of the corporation, retain profits, sell or re-mortgage the property owned by the business.

J. H.

08-07-12 THU 15:17 FAX 116 117 1179

Alain Checrone

0005

The vendor shall continue to maintain possession of the premises and operate the business of the Corporation as majority shareholder and in his capacity as director of the Corporation.

The Purchaser shall have the right to manage the property, collect rents, and enter into leases with the sellers written agreement. All Cheques shall require two signatures including the

signature of the Vendor and the Purchaser. The Corporation shall not distribute any funds to any shareholder until full payment of shares. ~~except for interest payment required under the promissory note and any funds accumulated shall be used to pay the promissory note when it becomes due. Any money in excess of the amount of the promissory note balance shall be the property of the purchaser.~~ Any funds paid to Corporate Lawyer in association with any and

all litigation matters occurred prior to the closing date is to be paid from Alain Checrone portion and does not require the signature of the Purchaser.]

2.5 ~~Promissory Note~~ *NA/JH*

~~The purchaser shall provide a promissory note to the vendor in the amount of \$2,500,000 to purchase the balance of the shares of the corporation. The promissory note shall bear interest at the rate of 5% per annum calculated monthly. Interest will accrue for the first year which interest will be added to the principal balance of the loan and thereafter will be payable interest only monthly. The principal of loan shall become due and payable two years after the closing of the transaction, however at the option of the purchaser the loan will be extended for a period of one year on the same term. Upon payment in full of the Shares promissory note the vendor will transfer the balance of the shares in the corporation to the purchaser. This loan shall be fully open for payment of all or part of the principal at any time.~~

NA/JH

JH
NA

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Attn: Checroute

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2.7 The purchase price shall be adjusted by the balance owing to Royal Bank. If the mortgage balance is greater than \$9,000,000 then the purchase price will be reduced by the amount in excess of \$9,000,000.00 and the amount ~~owe of the promissory notes~~ shall be reduced. If the amount owing to The Royal Bank is less than \$9,000,000.00 then the purchase price shall be increased ~~and the amount of the promissory note shall be increased by~~ that amount

[Handwritten initials]
[Handwritten initials]
[Handwritten initials]

3. Representations and Warranties

3.1 The Vendor represent and warrant to the Purchaser as follows, and confirm that the Purchaser is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Shares and the completion of the other transactions hereunder:

(1) Corporate Authority and Binding Obligation. The Vendor has good right, full power and absolute authority to enter into this agreement and to sell, assign and transfer the Purchased Shares to the Purchaser in the manner contemplated herein and to perform all of the Vendor's obligations under this agreement. The Shareholder has good right, full power and authority to enter into this agreement and to perform all of the Shareholder's obligations under this agreement. Each of the Corporation and the Vendor and their respective shareholders and boards of directors have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into of, and the execution, delivery and performance of, this agreement and the sale and transfer of the Purchased Shares by the Vendor to the Purchaser. This agreement is

J.H. [Signature]
 n.a

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a legal, valid and binding obligation of the Vendor and the Shareholder, enforceable against each of them in accordance with its terms subject to:


- (a) Bankruptcy, insolvency, moratorium reorganization and other laws, relating to or affecting the enforcement of creditors' rights generally, and
- (b) The fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.

(2) No Other Purchase Agreements. No person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, including convertible securities, warrants or convertible obligations of any nature, for :

- (a) The purchase, subscription, allotment or issuance of, or conversion into, any of the unissued shares in the capital of the Corporation or any securities of the Corporation.
- (b) The purchase from the Vendor of any of the Purchased Shares, or
- (c) The purchase or other acquisition from the Corporation of any of its undertaking, property or assets, other than in the ordinary course of the Business.

(3) Status, Constituting Documents and Licences.

(a) The Corporation is a corporation duly incorporated and validly subsisting in all respects under the law of the Province of Ontario.

J.H. 
R.A.

3.2 The corporation is the registered owner of the property located at 240 Duncan Mill Road in the City of Toronto subject to a mortgage in favour of the Royal Bank of Canada.

Property Tax The vendor warrants that all property taxes on the property will be paid to the date of closing and will be adjusted with the purchaser as of that date. All other encumbrances and documents registered on title will be discharged by the vendor on or before closing.

3.3 The corporation has no other debts or liabilities aside from the mortgage to the Royal Bank and is not involved in any litigation except as set out below. The Seller covenants and agrees to pay to the date of closing all utilities, including hydro Water and Gas. The ~~buyer~~ seller shall collect rents and shall be entitled to any excess funds prior to closing as payment in full of any shareholder's loans. Prepaid rent will be credited to the purchaser and deducted from the balance due on closing. Any liabilities arising out of matters occurring on or before ~~June 25th, 2012~~ ^{the closing date} ~~the closing date~~, or from existing litigation shall remain the responsibility of the Alain Checcroune vendor, and if not paid may be deducted from the balance due ~~on the Promissory Note~~. ^{Handwritten: N.A. / 7/12} _{Handwritten: J.H. / N.A.}

3.4 Work Order There are no work orders affecting the property at 240 Duncan Mills Road.

4. Conditions of the Purchaser

J.H. ^{Handwritten signature}
N.A.

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Alain Checrone

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11 Within 3 (THREE) days of the execution of this agreement the Vendor agrees to provide to the purchaser the following documents: 2011 financial statements, current monthly financial reports, all invoices, accounts receivables, accounts payable, corporate minute books, tenants list, rent roll, leases, mortgage documents, property tax statements, ~~engineering reports, environmental reports,~~ survey, building plans and drawings, and list of chattels and fixtures, to be inspected at his office at 240 Duncan Mills Rd Unit 802, ^{delivered to the offices of Roger A. Goshua at 91 Parklane Road, Richmond Hill, ON L4B 4G7} ~~This agreement is conditional upon the purchaser and their advisor's examining these documents and approving them in their sole discretion. Unless the buyer gives notice in writing delivered to the Vendor by 5:00 pm, 7 days after the last of these documents are delivered to them that they are satisfied in their sole discretion, that this condition is fulfilled then this agreement shall be null and void and all deposits shall be returned to the purchaser.~~

~~12 Litigation~~ This offer is conditional upon all litigation involving the Vendor being finally resolved on or before May 10, 2012. If the litigation is not resolved then at the option of the purchaser, this agreement shall become null and void unless the purchaser gives notice by 5:00 P.M. on May 17, 2012 that they are going to close ~~notwithstanding the litigation.~~ ^{delivered to the offices of Roger A. Goshua at 91 Parklane Road, Richmond Hill, ON L4B 4G7} The purchaser agrees to accept title to the shares subject to litigation brought by 214683 Ontario Ltd. Provided the vendor shall pay all costs related to this litigation and any damages resulting from the litigation. The corporation is also involved in collection proceedings against former tenants. The vendor shall be entitled to pursue this litigation at his own expense in the name of the corporation and any money recovered shall be paid to the seller.

Handwritten signature and initials:
 J. H.
 n.a.

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Alain Checrone

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~~4.3 Royal Bank of Canada~~ This agreement is conditional upon the approval of the
 sale by the Royal Bank of Canada. If the Royal Bank does not give its approval by June 15,
 2012 then this agreement shall become null and void and all deposits returned without interest
 or deduction. *AY 11/13/11*

~~4.4 Environmental & Engineering~~ If after receiving the environmental or
 engineering reports the purchaser may decide, in his sole discretion to obtain his own
 engineering reports and environmental assessments then the condition contained in
 paragraph 4.1 shall be extended for a further period of thirty days and the vendor shall allow
 the purchaser and his experts access to the premises for the purpose of preparing the reports. *AY 11/13/11*

Acknowledgment Seller & Buyer acknowledge that the Res/Com Real
 Estate Services Inc is only representing the interest of the Seller in this transaction, and the
 Buyers are Registered Ontario Real Estate practitioners (Broker of Record & Sales Rep).
 Further, the Seller acknowledges that the market value of this property might be higher than
 the purchase price offered

Entire Agreement. This agreement and the Schedules referred to herein
 constitute the entire agreement between the parties hereto and supercede all prior agreements,
 representations, warranties, statements, promises, information, arrangements and
 understandings, whether oral or written, express or implied, with respect to the subject matter
 herein

*J.H. Kef
 VTA*

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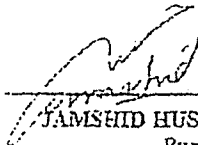
ALAIN CHECROUNE

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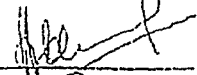
It is agreed between the parties that every covenant, proviso and agreement in this agreement shall enure to the benefit of and be binding upon the parties, and their heirs, executors, administrators, successors, and assigns, that all covenants in this agreement shall be construed as being joint and several, and that, when the context so requires or permits, the singular number shall be read as if the plural were expressed, and the masculine gender as if the feminine or neuter, as the case may be, were expressed.

IN WITNESS WHEREOF the parties have set their hands and seals (or corporate seal, respectively).

SIGNED, SEALED AND DELIVERED
In the presence of


JAMSHID HUSSAINI
Purchaser


NEELOFAR AYMADI
Purchaser


ALAIN CHECROUNE
Seller

AMENDMENT TO AGREEMENT

DATED: June 18, 2012.

CONCERNING: 240 Duncan Mill Road, Toronto, Ontario.

PURCHASER: Jamshid Hussnini and Neelofar Ahmadi

VENDOR Alain Checroune

It is hereby understood and agreed between the undersigned parties hereto that the following changes shall be made to the above mentioned agreement, and except for such changes noted below all other terms and conditions in the Agreement shall remain as stated therein:

DELETE:

- 1.1 (a) "Closing Date" means 10 days after the purchaser signs this offer.
- 2.1 Paragraph deleted
- 2.3 Paragraph deleted
- 2.4 Paragraph deleted

INSERT:

- 1.1. (a) "Closing Date" means Thursday, June 21, 2012, or such earlier date as the parties may agree in writing.
- 2.1 Purchased Shares On (the terms and subject to the fulfilment of the conditions hereof,

the Vendor hereby agrees to sell, assign and transfer to the Purchasers, and the Purchasers hereby agree to purchase and accept from the Vendor 20% of the issued shares of 148221 Ontario Limited (the Purchased Shares) with the further 80% to be made available by the vendor to the purchaser and to be transferred after all payments are made as set out below.

2.4 The purchaser shall pay a total of \$1,200,000.00 (One Million Two Hundred Thousand Dollars), (\$200,000.00 (Two Hundred Thousand Dollars) of which has already been paid to the Vendor, and of which the Vendor acknowledges receipt) upon closing subject to adjustments as set out below. Upon payment of this sum the vendor shall transfer to the purchaser the 20% of the shares of the Corporation. The purchaser can thereafter purchase the remaining 80% of the shares of the Corporation from the vendor when payment is made as set out below. The purchaser shall have the rights of a 20% shareholder following closing, and will be entitled to vote on the election of the board of directors, the appointment of officers of the Corporation, and share in the distribution of profits of the Corporation to the extent of the purchaser's shareholding. Until the purchaser buys the full 100% of the shares in the Corporation as contemplated herein, the purchaser shall not be permitted to be entitled to manage the business of the corporation, retain profits, sell or re-mortgage the property owned by the business. The vendor shall continue to maintain possession of the premises and operate the business of the Corporation as majority shareholder and in his capacity as director of the Corporation. The Purchaser shall have the right to manage the property, collect rents, and enter into leases with the sellers written agreement. All Cheques shall require two signatures including the signature of the Vendor and the Purchaser. The Corporation shall not distribute any funds to any shareholder until full payment of shares. Any funds paid to the Corporate Lawyer in association with any and all litigation matters occurred prior to the closing date is to be paid from Alain Checroune portion and does not require the signature of the purchaser.

2.5 The closing date for the transfer of the balance of the shares shall be the 1st day of October, 2015; however if the property can be refinanced without penalty then the closing date shall be October 1, 2014.

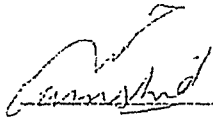
4.2 All litigation shall be resolved finally by the date of the transfer of the balance of the shares.


4.5 The purchaser and the vendor hereby agree that the purchasers will, on behalf of their corporation, enter into a new lease with the corporation for the 6th floor of the building on the corporation's standard form lease. The lease shall be for a period of five years commencing August

1, 2012, (rent payment to commence October 1, 2012). The annual rent for the first year shall be \$300,000.00 and this shall be a gross rent. Rent for the second year will be \$360,000.00 gross rent. Rent for the third to the fifth years \$380,000.00, gross rent. The purchasers' corporation can receive a discount of \$60,000.00 towards rent, if they pay their rent six months at a time in advance. Included in the lease for the 6th floor shall be five (unreserved) underground parking spaces, and five surface lot spaces. The purchasers' corporation shall have the right to sublet any part of the 6th floor, without the consent of the landlord, provided that the purchasers' corporation shall solely be responsible for the payment of rent to the landlord corporation.

DATED at Richmond Hill, this 22nd day of June, 2012.

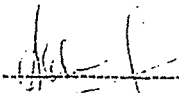
SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF


Jamshid Hussaini
(Purchaser)


Naeofoor Ahmadi
(Purchaser)

DATED at Richmond Hill, this 12 day of June 2012.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF


Alain Cheeroune
(Vender)

This is Exhibit "C" referred to in the Affidavit of Alain Checroune
sworn before me this 5th day of October, 2018.

A handwritten signature in blue ink, appearing to be 'D. Ullmann', is written over a horizontal line.

A Commissioner for Taking Oaths, Affidavits (or as may be) in Ontario

David T. Ullmann

COUNSEL SLIP

Court File No BK-17-2303814-0031Date Aug 16th 2018No. On List 10Title of Proceeding 1482241 Ontario Ltd
- v -Fasken Martineau DuMoulin LLP

Counsel for:

Plaintiff(s)
Applicant(s)
Petitioner(s) D. Ullmann for 1482241Phone No. 416 596-4289Ontario Ltd.Fax No. 416 594-2433

Counsel for:

Defendant(s)
Respondent(s) C-MILLS for
N. Ahmadi and J. HussainiPhone No. 416 595-8596Fax No. 416 595-8695Miranda Spence - fr Proposal Trustee416-865-3914416-863-1515SF. Dunphy J
16 Aug 2018m.spence@airdberliss.com

The parties will have a 2-3 day mini-trial to commence Dec 3, 2018 (date confirmed) to hear the appeal of the disallowed damages claim and the proprietary interest claim (which the Hussaini/Ahmadi parties may treat as disallowed for purposes of the motion). The trustee

will be a party but the def. of these
 appeals ^(from the trustee's decision) will be borne by the

Company. The viva voce hearing
 will have affidavits of the two
 appellants / moving parties (Hussaini
 & Ahmad) plus Mr Checrone

for company. Affidavits in lieu of
 testimony in chief plus cross-exam
 to be done at the hearing (viva voce).

All other witnesses to be via affidavits
 that will have been cross-examined
 upon in advance. Timetable


of parties approved & signed by
 me (with addition made by me).

A. D.

- 1. December 3rd-6th hearing — Factum = December 10th (subject to availability of transcripts) — closing Arguments = December 13^{or}14
- 2. Parties deliver docs in response to requests — Nov 21, 2018
- 3. Parties Exchange requests for docs — Nov 7, 2018
- 4. Respondents file reply affidavits — Oct 31, 2018
- 5. 1498 serve aff in response — Oct 17, 2018
- 6. Respondents serve Affidavits in support — Sept 26, 2018
- 7. Cross exam on affidavits other than 3 principals to be completed by 7 November 2018.

AW

16 Aug 2018
 SF. Burghy J.
 T. and Tech 6 approved.



IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

**CROWE SOBERMAN INC., in its capacity as
Licensed Insolvency Trustee of 1482241 Ontario Limited**

**ONTARIO
SUPERIOR COURT OF JUSTICE**
*Proceeding commenced at **TORONTO***

**AMENDED MOTION RECORD OF 1482241 ONTARIO
LIMITED (“148”)**

**(Re: Payout of Funds to 148 and Dismissing the Trustee;
Returnable October 18, 2018)**

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

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Fax: (416) 594-2437
Email: ateodorescu@blaney.com

Lawyers for 1482241 Ontario Limited