

Court File No. CV-23-00004031-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**B E T W E E N:**

**PEAKHILL CAPITAL INC.**

Applicant

- and -

**1000093910 ONTARIO INC.**

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985, C.B-3, AS AMENDED AND SECTION 101 OF  
THE COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AFFIDAVIT OF JOHNSON CHING FUNG YU**

**(SWORN JUNE 11, 2024)**

1. I am a director and officer of 20 Regina JV Ltd. (“**20 Regina JV**”), a corporation organized under the law of Ontario. As such, I have personal knowledge of the facts set out in my affidavit, except where I say they are based on information and belief.
2. I am swearing this affidavit in response to paragraph 15 of the Affidavit of Ravi Aurora sworn June 9, 2024, which was included in the Responding Motion Record of Zaherali Visram as Exhibit A to the affidavit of Zaherali Visram sworn June 10, 2024. In this paragraph, Ravi Aurora stated:

We fully disclosed to the Yus the source of the funds being used for the acquisition of the Property, including the \$4,000,000 loan from Zaherali Visram (“Visram”). A meeting took place at the Yus’ offices and the details of the first and second mortgage lenders were fully disclosed to the Yus and we also confirmed that the second mortgage loan would require the consent of the first mortgagee. My handwritten notes from this conversation are attached as Exhibit “C” to the Application Record. At PDF page 57 of the Application Record, my notes clearly indicate Visram’s name and the amount of the mortgage. (The second mortgage to Visram was later increased to fund carrying costs). Therefore, Johnson is not being truthful when he suggests in his affidavit that I concealed the source of the financing of the purchase of the Property from him.

3. I recorded the conversation described in this paragraph. Attached hereto and marked as **Exhibit “A”** is a link to a portion of the audio recording in which Ravi Aurora described the loan from Zaherali Visram.

4. In particular, Mr. Aurora disclosed that Mr. Visram is his uncle and he borrowed this money as a sham to escape some financial rules called AML. Mr. Aurora specifically told me that “I’ll give him [Mr. Visram] the money. Right. And then he [Mr. Visram] gives me the money.”

5. It is apparent to me that the loan from Mr. Visram is not a genuine debt but rather a way to circumvent some financial rules. Relying on his words, I never consider this alleged loan to be a loan against 1000093910 Ontario Inc., the owner of the property at 20 Regina Rd, Vaughan, L4L 8L6 (the “**Regina Property**”).

6. In the following months, I reviewed the title to the Regina Property several times and did not see the registration of any loan from Mr. Visram. That reinforced my belief in Mr. Aurora’s words that this purported loan is simply a sham and formality and was never actually advanced. That is the reason why I described this loan as an undisclosed

loan in my affidavit sworn June 6, 2024 in this proceeding because it was never disclosed to me that this loan would become a real loan to 1000093910 Ontario Inc. and charged against the Regina Property. This recording is also consistent with my testimony in my affidavit sworn June 6, 2024 that Mr. Aurora confirmed that they would use their own capital for their share in the purchase of the Property.

**SWORN BEFORE ME** by video conference )  
By Johnson Ching Fung Yu, of the City of )  
Richmond Hill, in the Province of Ontario, )  
before me at the City of Toronto, in the )  
Province of Ontario on June 11, 2024, )  
in accordance with O. Reg. 431/20, )  
Administering Oath or Declaration Remotely )

DocuSigned by:



~~AB26985445F1433~~

A Commissioner for Taking Affidavits  
Ran He (LSO #72243P)

—DocuSigned by:

Johnson Ching Fung Yu

—4BBF30A94A074C4..

JOHNSON CHING FUNG YU

PEAKHILL CAPITAL INC.  
Applicant

v.

1000093910 ONTARIO INC.  
Respondent

Court File No. CV-23-00004031-0000

---

***ONTARIO***

**SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT  
NEWMARKET

---

**AFFIDAVIT OF JOHNSON CHING FUNG YU**

**(SWORN JUNE 11, 2024)**


---

**Tan, He & Co. LLP**  
100 Wellington Street W,  
Suite 2130, P.O. Box 321  
Toronto, Ontario  
M5K 1K7

**Ran He** (LSO #72243P)  
[rhe@thcllp.com](mailto:rhe@thcllp.com)

Tel: 647-792-7798  
Fax: 647-560-6547  
Lawyers for 20 Regina JV Ltd.

This is Exhibit “A” referred to in the  
Affidavit of Johnson Ching Fung Yu  
sworn before me on June 11, 2024 via video  
conference

DocuSigned by:  
  
AB26985445F1433...

---

A Commissioner for Taking Affidavits, etc.  
Ran He (LSO #72243P)

[Link to recording](#)

[Ravi]:

0:03

I'll tell you the benefits and also one other thing we have to consider for the future. If we get financing as an investment property, we're only going to get 80% LTV.

0:14

If we go as owner-occupied, we're going to get 90%. So we might have to play with that a little bit because technically we are on the owner-occupied level, because we are occupying more than 55%, right?

So we can get 90% and we get a lower rate. Because the government has a mandate right now to support manufacturing businesses. So we may get a lower rate and better LTV if we do owner-occupied.

0:41

But then I have to show the ownership structure. At that point, I don't know how that's going to work because then I don't want to have the Yu family have to guarantee the business too because that wouldn't be fair to them.

0:51

So I have to figure something out there. I'll talk to the bank and say, is it okay if the ownership of the business is a separate structure than the ownership of the property?

0:59

I have to ask them that. So there is that. So this is how we'll do this. We could do just a minor management agreement, very small saying that's my responsibility to make sure the properties are insured, taken care of.

1:13

I take care of all the tenants. I take care of general maintenance. And whatever those bills are, not my bill, but bills of third parties, we will just put that together, right?

1:23

So that's kind of how we've done it. So even on the snow plough, the people they had before, the owner, was slightly cheaper than our guy, but our guy salts properly.

1:35

The last thing you need is somebody slip and fall and sue you and you have to deal with all that, right? So there is that. Anything else on the structure?

[Lorna, the intermediary person between Johnson and Ravi]:

Well, we usually would identify what is, you know what, the chart that I've drawn, this is already on the operating, it's already in it, I just don't know the names

[Ravi]:

1:55

I don't know the names either. Like these two, we have to incorporate. These two are going to have to incorporate.

[Johnson]:

All numbered companies?

[Ravi]:

We also use named names. Like I should have made this instead of a long company name, I should have made it 20 Regina Inc.

2:09

But now I can't do it because we're so close to closing. So now we can't change it.

We also, as of January, AML is totally different now.

2:22

And some money laundering laws. They're very different. And it's not really anti-money laundering laws that they're pushing. They just want to stop people from buying group purchases, right?

2:31

So what they're doing now, so this is what I have to do for AML. And I have to do this on all four properties I bought this year. So AML. This is anti-money-laundry.

2:44

Right? So how it works is let's say Johnson gives me \$3 million today, right? Because they're going to ask for proof of funds. I've already given proof of funds, but they're going to ask for proof of funds.

3:00

Right? So where did this money come from? I say, well, the Yu family owns 50%. So that's their contribution. Okay. Now that's done. Now they're going to say, well, okay, but where did the Yu family get the \$3 million?

3:14

Show us bank statements. And if you put the money in there recently, they're going to say, okay, it's not been in there for more than six months.

3:21

Where did that money come from? And then you say, okay, well, I've moved it from two to three properties. Show us all the ownerships of those properties.

3:29

This is just a new AML system that they started since January. It's a big headache. It's a huge headache.

[Lorna]:

The bank used to ask that too, right?

[Ravi]:

You know what? I've never been asked for it. This is my first time this year on all four properties I've had this. So here's my, this is how I go around it.

[Lorna]:

Personal financing they do, commercials they don't?

[Ravi]:

3:49



Right. Personal they do. Yeah always. Personally, I've been doing it for five years, but commercials, they've never done it and now they're doing it. So I have a solution for this, which is kind of like a, you know, you can say a new solution.

4:02

It's a simple thing. I get a third party. So in this case, it'll be Mr. Visram. He's my uncle. He writes me a second mortgage for let's say the full amount, \$4.5 million or whatever the difference is.

4:16

Right. All I need to do is show that. I'll give him the money. Right. And then he gives me the money. It's okay. Because what happens is the second mortgage won't be registered though.

4:29

So what happens is he'll, I'll show that, oh, I'm getting all the money as the second mortgage. Here's the money, but I'm going to give him all the money.

4:36

Do you get it? Then he does this. They say, oh, it's a loan. Okay. You don't need AML. It's just there's a work-around. It's a gray area that they don't understand.

[Johnson]:

4:46

So is it a refinance? just put a second mortgage on..?

[Ravi]

No, you don't even need to put a second mortgage. You just have to show the paperwork.

[Johnson]:

Oh, okay. Right.

[Lorna]:

So you have a promissory note and say, well, I borrowed that money.

[Ravi]

4:57

So then the bank can say, oh, okay. Okay. This is the proof because they can't ask him, where did you get the money? Because he's now a lender. So like if you're a partner, they can ask you because now you're an owner.

5:09

But if you're a lender, they can't ask you. So that's, so it took us a while to figure that out. Yes. So technically all AML issues, my uncle can just simply just write the paperwork.

5:20

He has like 160 million dollars. So he can always show that he has it in his bank, but he's never going to register the mortgage. Right. So, and he'll even like void it.

5:30

Right. This is just until we get the closing done because any institution needs to see this and there's no way we can start showing, oh, where did all the money come from?

5:40

Like for us, we have 50 companies. So when I buy a property, I don't keep 33 million or 5 million in one bank account. Right. Because that would be silly.

5:49

I keep it in all the companies and then we put it all into one. Well, if I do that and let's say I use five companies and I put all the money in, I have to give financial records for five companies.

5:58

I have to give financial statements for five companies. It's just too much work. So this is our work-around and it works really well. I've tried it already twice in the last two closings and it works.

6:11

And even now I've already submitted this to Peak Hill. Peak Hill is the lender. I don't know which institution they're using. I think it's Equitable. I might be wrong, but they're, they've already submitted and it's already approved.

6:21

So we don't have to worry. So I don't have to prove anything else now for AML. But if I introduce the Yu family now into this situation, then they're going to delay the closing.

6:30

And on top of that, I'm going to have to AML all your information. Right. Instead, if I do it after closing where I issue 50 shares and get them approved by institution, much easier. There will be no AML questions. That's how we are gonna do that part.