

Court File
No.CV-22-00674810-00C
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**COURT OF APPEAL FOR
ONTARIO**

B E T W E E N:

KINGSETT MORTGAGE CORPORATION

**Applicant
(Respondent)**

- and -

30 ROE INVESTMENTS CORP.

**Respondent
(Appellant)**

**IN THE MATTER OF AN 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**

NOTICE OF APPEAL

The Appellant, 30 Roe Investments Corp. (the “Appellant”), appeals to the Court of Appeal from the Order of Justice Cavanagh dated May 9, 2022 appointing a Receiver of the Appellant pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43 as amended (the “Order”).

The Appellant asks that the Order be set aside in its entirety and costs of the Application be to the Appellant.

THE GROUNDS OF APPEAL are as follows:

1. The Learned Motions Court Judge erred in law and made palpable and overriding errors in fact in granting the motion by Kingsett Mortgage Corporation (the “Respondent”) for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3 (the “BIA”) and section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C. 43 (the “CJA”) appointing KSV Restructuring Inc. (the “Receiver”) without security of, *inter alia*, the real property of the Appellant, being a 9 unit residential building located at 30 Roehampton Avenue, Toronto (the “Property”), together with all other undertakings and assets;

2. The Learned Motions Court Judge erred in law and made palpable and overriding errors in fact in failing to grant the adjournment of the hearing requested by the Appellant for thirty days to allow the time for the Respondent to complete the refinancing of the Property and to pay out the second mortgage held by the Respondent in that;
 - a) The First Mortgagee of the Property, the Canadian Imperial Bank of Canada, did not oppose the request for the adjournment;

 - b) The Firm Capital letter, filed, is evidence of more than an expression of interest in providing refinancing and was evidence that the Appellant was taking every step to refinance the Property and that 30 additional days was reasonable;

 - c) There was no prejudice to the Respondent in granting the adjournment;

3. The Learned Motions Court Judge erred in law and made palpable and overriding errors in fact in finding that the Appellant had not acted reasonably and in accordance with the February 22nd and March 8th, 2022 Endorsements and in finding that the Appellant had not taken steps to replace former counsel;
4. The Learned Motions Court Judge erred in law in failing to follow or reference Rule 15.04(6) of the *Rules of Civil Procedure* which state that the Appellant had the absolute right to thirty days to find new counsel from the date the Order was made removing Paliare Roland Rosenberg Rothstein LLP as counsel of record for the Appellant, being April 20, 2022;
5. The Learned Motions Court Judge erred in law and made palpable and overriding errors in fact and exercised His discretion on wrong principles by finding that it was just and convenient for a Receiver to be appointed;
6. The Learned Motions Court Judge erred in law and made a palpable and overriding error in fact in failing to have regard to the evidence that the Respondent had agreed to extend the loan until April 1st, 2022 by debiting the extension fee from the Appellant's account on January 4th, 2022 and again on February 22nd, 2022 and accepting that an error was made with respect to the debiting of the extension fee when, in fact, it was evidence of the agreement to extend to April 1, 2022.
7. The Learned Motions Court Judge erred in law and in fact in finding that any of the factors that apply when considering whether it is just and convenient to appoint a Receiver apply in these circumstances, and specifically:

- a) There was absolutely no evidence that the Respondent's security was a risk of deteriorating and, in fact, the appraisals before the Court showed a robust value for the Property over and above the debt load, such that there was equity;
 - b) There was no need to stabilize and preserve the Appellant's business as the Property continued to perform, rents were being received and there was no prejudice or risk to the Respondent;
 - c) The loss of confidence in the Appellant's management, relied upon by the Learned Motions Court Judge was subjective only and objectively does not weigh in favour of the appointment of a Receiver; and,
 - d) The position and interest of other creditors when taken into account was that there was no support for a Receiver, particularly the CIBC. No other creditors were impacted.
8. The Learned Motions Court Judge erred in law in finding that the bald statement in an affidavit that the Respondent had lost confidence in the Appellant's management to continue to satisfy the Respondent's obligations was enough to objectively find a loss of confidence, especially in the face of the fact that there were less aggressive remedies available, in the face of other factors that affected the Appellant to refinance and on a paper record without the benefit of *viva voce* evidence, was an error in law;

9. The Learned Motions Court Judge erred in law in finding that a Receiver was necessary and specifically, a Court Appointed Officer, to protect the interests of other stake holders, as there are none other than the Respondent, the CIBC and a small contingent liability;
10. Sections 193 and 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
11. Section 101 of the *Courts of Justice Act*, R.R.O. 1990, c.C. 43;
12. Rule 15 of the *Rules of Civil Procedure*;
13. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE BASIS OF THE APPELLATE COURT'S JURISDICTION IS:

- (a) An Appeal to the Court of Appeal is provided under Section 195 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- (b) An appeal to the Court of Appeal is provided under Section 6 of the *Courts of Justice Act*, R.R.O. 1990, c.C. 43; and,
- (c) Leave to appeal is not required.

May 10, 2022

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RCP-E 61A (February 1, 2021)

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-and- **30 ROE INVESTMENTS CORP.**

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PROCEEDING COMMENCED AT
TORONTO

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RCP-F 4C (September 1, 2020)