



**Seventh Report of
KSV Kofman Inc.
as Receiver and Manager of
1033803 Ontario Inc. and
1087507 Ontario Limited and
Certain Related Other Property**

November 27, 2019

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COURT FILE NO: CV-18-608978-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BRIDGING FINANCE INC. AS AGENT FOR
2665405 ONTARIO INC.

APPLICANT

- AND -

1033803 ONTARIO INC. AND 1087507 ONTARIO LIMITED

RESPONDENTS

IN THE MATTER OF AN APPLICATION UNDER SECTION 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

SEVENTH REPORT OF
KSV KOFMAN INC.
AS RECEIVER AND MANAGER

NOVEMBER 27, 2019

1.0 Introduction

1. On November 19, 2018, Bridging Finance Inc., as agent (the "Agent") for 2665405 Ontario Inc. (the "Lender"), made an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") for the appointment of KSV Kofman Inc. ("KSV") as receiver and manager of:
 - a. all the assets, undertaking and property of 1033803 Ontario Inc., operating as Forma-Con Construction and Forma Finishing ("Forma Con"), including the real property municipally known as 3420 Queen Street East, Brampton (the "Brampton Property") and 407 Basaltic Road, Concord (the "Head Office");
 - b. all the assets, undertaking and property of 1087507 Ontario Inc. ("108" and together with Forma Con, the "FC Debtors"), including the real property municipally known as 4431 Stouffville Road, Stouffville (the "Stouffville Property");
 - c. certain assets (the "Forma Con Related Assets") of Bondfield Construction Company Limited ("BCCL") and Bondfield Construction Equipment Ltd. ("BCEL", together with BCCL, Forma Con, 108 and several other related entities, the "Group"); and

- d. the real property municipally known as 131 Saramia Crescent, Vaughan (“the “Vaughan Property”) owned by Ralph Aquino, a limited guarantor of the indebtedness of the Group to the Lender (together, the Vaughan Property, the Stouffville Property and the Head Office are defined in this Report as the “Properties”).
2. The Court granted the relief requested by the Agent on the return of the receivership application and KSV was appointed receiver (the “Receiver”). KSV is filing this report in its capacity as the Receiver.

1.1 Purpose of this Report

1. The purpose of this report (the “Report”) is to seek an order authorizing the Receiver to file an assignment in bankruptcy on behalf of the FC Debtors.

2.0 Background

2.1 Forma Con

1. Prior to its receivership proceedings, Forma Con operated a concrete forming business that provided services to construction projects. The shares of FC Debtors are believed to be owned by members of the Aquino family.
2. During the receivership proceedings, the Receiver closed five Court approved transactions to sell the Forma Con Related Assets and the Properties. The majority of the proceeds from the transactions have been distributed to the Agent pursuant to orders of the Court issued in these proceedings.
3. The principal economic stakeholders in the FC Debtors’ receivership proceedings include the Agent and Canada Revenue Agency (“CRA”). As of the date of this Report, the Agent was owed approximately \$40 million, plus costs and expenses which continue to accrue. According to claims filed by CRA with the Receiver, CRA is owed approximately \$15 million in respect of the obligations listed in the table below.

Debtor	Type of Claim	Obligation	\$000s
Forma Con	Deemed Trust	Source Deductions	7,167
Forma Con	Deemed Trust	HST	5,363
Forma Con	Unsecured	HST	200
Forma Con	Unsecured	Source Deductions	2,409
			15,139
108	Deemed Trust	HST	35
108	Unsecured	HST	5
			40

2.2 Other Creditors

1. In addition to the CRA claims, a summary of Forma Con's other known third party obligations, excluding contingent and off-balance sheet liabilities (such as litigation claims) is provided in the table below.

(unaudited)	\$000s
Unions	50
Workplace Safety and Insurance Board	2,722
Suppliers	5,507
Total	8,279

2. There are no known third party obligations owing by 108, other than its obligations to CRA.

2.3 Investigation

1. BCCL is a full-service construction company operating in Southern Ontario. On April 3, 2019, BCCL and several related entities were granted protection under the *Companies' Creditors Arrangement Act* ("CCAA") and Ernst & Young Inc. was appointed the monitor in those CCAA proceedings (the "Monitor").
2. On May 30, 2019, the Court authorized the Monitor to, *inter alia*, undertake an investigation (the "Investigation") into certain transactions involving the Group and deliver a report summarizing its Investigation (the "Investigation Report").
3. On October 30, 2019, the Monitor issued an Investigation Report. The Investigation Report details, *inter alia*, that BCCL and certain affiliates, including certain of the FC Debtors, paid "Suppliers of Interest" in excess of \$80 million, and that no value was provided by the Suppliers of Interest to the Group in exchange for these payments. In connection with the Investigation Report, the Monitor is seeking a declaration that transactions between BCCL and certain Suppliers of Interest are transfers at undervalue. The Monitor is also seeking various ancillary relief, including that certain respondents are jointly and severally liable to BCCL for the value of the transactions. The Monitor does not have authority over the FC Debtors.

3.0 Bankruptcy of FC Debtors

1. The Receiver is seeking authority from the Court to file an assignment in bankruptcy on behalf of the FC Debtors. If appointed as Trustee in Bankruptcy ("Trustee"), KSV, as Trustee and Receiver, intends to conduct an investigation of the FC Debtors. The Trustee's participation in the investigation will be subject to approval of the inspectors appointed in the bankruptcy, unless otherwise ordered by the Court, as permitted by the *Bankruptcy and Insolvency Act*.

4.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Court make an order granting the relief detailed in Section 1.1(1) of this Report.

* * *

All of which is respectfully submitted,

KSV Kofman Inc

**KSV KOFMAN INC.,
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
10338083 ONTARIO INC., 1087507 ONTARIO LIMITED
AND CERTAIN OTHER PROPERTY
AND NOT IN ITS PERSONAL CAPACITY**