



**IN THE MATTER OF THE BANKRUPTCY OF
GROSS CAPITAL INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**CREDITOR UPDATE
OCTOBER 18, 2023**

On June 25, 2021, Gross Capital Inc. (the “Company”) filed an assignment in bankruptcy and KSV Restructuring Inc. (“KSV”) was appointed Licensed Insolvency Trustee of the Company’s bankrupt estate (the “Trustee”). KSV’s appointment as Trustee was affirmed at the First Meeting of Creditors convened on July 15, 2021.

At the First Meeting of Creditors, the creditors appointed five inspectors¹ (the “Inspectors”) to, among other things, give direction and advice to the Trustee regarding specific actions to be taken in the Trustee’s administration of the estate, supervise the Trustee’s administration of the estate and ensure the Trustee acts in accordance with their instructions. Shortly following the Trustee’s appointment, the Inspectors authorized the Trustee to commence an investigation into the assets and pre-bankruptcy operations of the Company and several of its subsidiaries and related parties. The investigation was commenced due to, among other things, accusations made by investors of misappropriation of investor funds by the Company’s principals, Mark and Sheldon Gross, and/or entities controlled by them.

Since that time, the Trustee has taken steps to advance its investigation, including:

- reviewing the financial records and bank statements of the Company and certain of its related parties;
- corresponding with creditors to obtain information to assist the Trustee in its investigation;
- convening meetings of Inspectors to gather further information and update the Inspectors on the Trustee’s progress and findings;
- working with the Trustee’s legal counsel to prepare for examinations under oath, pursuant to Section 163 of the *Bankruptcy and Insolvency Act*, of certain persons reasonably thought to have knowledge of the affairs of the Company (including, but not limited to, certain of the Defendants, as defined below);
- preparing for and attending the examinations and reviewing the transcripts thereof; and

¹ One of the five inspectors subsequently resigned for personal reasons unrelated to the administration of the Company’s estate.

- working with the Trustee's legal counsel to prepare and finalize a Notice of Action issued on June 23, 2023 and a Statement of Claim dated July 21, 2023 (the "Statement of Claim") against the following 29 parties (collectively, the "Defendants"):

1. Mark Craig Gross;
2. Sheldon Gross;
3. Fausto Carnicelli;
4. Medica One Ltd.;
5. Mauro Carnicelli;
6. Dominic Carnicelli;
7. 2771837 Ontario Inc.;
8. 2771839 Ontario Limited;
9. 2771840 Ontario Ltd.;
10. 2771841 Ontario Corp. (sometimes incorrectly stylized as 2771849 Ontario Corp.);
11. Burlington Healthcare Centre Inc.;
12. Allen Sheldon Greenspoon;
13. Nancy Greenspoon;
14. Werner Dingfeld;
15. Dennis Divalentino;
16. Irina Gross;
17. Mark Craig Gross Holdings Inc.;
18. MGZ Holdings Inc.;
19. SGZ Holdings Inc.;
20. Wellington X-Ray & Ultrasound Limited;
21. Barclay Diagnostic Imaging Inc.;
22. P. H. Jory Limited;
23. Med. Clinic 2000 Corporation;
24. Doctors Naturae Southmount Inc.;
25. Aviva Medical Diagnostics & Specialist Clinic Inc.;
26. Aviva Medical Inc.;
27. Atma Medical Inc.;
28. Integrated Medical Office Services Inc.; and
29. Marcia Villanfranca.

A copy of the Statement of Claim is available on the Trustee's website at <https://www.ksvadvisory.com/experience/case/gross-capital-inc.>

The litigation commenced by the Trustee under the Statement of Claim is complex and is likely to be a protracted process. The Trustee expects that many of the Defendants will be filing a Statement of Defence in the near term. Any such filings will be made available on the Trustee's website. The Trustee will provide further updates to creditors as material developments arise in the litigation process.

Should there be any questions with respect to the above, please contact Christian Vit of the Trustee's office, at 647-848-1350 or cvit@ksvadvisory.com.

DATED at Toronto, Ontario, this 18th day of October, 2023.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE OF
GROSS CAPITAL INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**