



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

**CREDITOR UPDATE
DECEMBER 8, 2021**

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 inspectors to, among other things, oversee the Trustee and give the Trustee instructions regarding the administration of the estate. 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, Mark and Sheldon Gross and/or entities controlled by Mark and Sheldon Gross.

The investigation has uncovered several issues that the Trustee is continuing to investigate. The Trustee has been providing periodic updates to the inspectors on the status of the investigation. The information that the Trustee has uncovered must remain confidential at this time to protect the integrity of the investigation.

In respect of the many allegations of misappropriation of investor funds, on or around June 29, 2021, certain stakeholders of the Company (and/or the Company’s related parties) commenced a Court application (the “Application”) naming Mark Gross and other parties as respondents. The Application was originally returnable in Court on July 5, 2021 and sought various branches of relief against the respondents and in respect of the respondents’ properties and businesses, including the appointment of an investigative receiver. The Application was opposed by Mark Gross and several other respondents. In accordance with the Endorsement dated October 12, 2021 of the Honourable Mr. Justice Pattillo, the Application, as amended, was adjourned to a date to be set, and an interim motion was heard on October 12, 2021 by the Honourable Mr. Justice Cavanagh.

The substance of the hearing on October 12, 2021 was for leave to issue and register a Certificate of Pending Litigation on title to two properties in which the Company (and related parties of the Company) formerly had an interest, being 511 and 515 John Street, in Burlington, Ontario. As at December 8, 2021, a decision has not yet been issued.

The Trustee intends to continue its investigation. One of the powers available to a trustee under the *Bankruptcy and Insolvency Act* is the ability to examine under oath any person reasonably thought to have knowledge of the affairs of the bankrupt. The Trustee intends to examine certain principals of the Company and other individuals beginning in early 2022.

At the conclusion of its investigation, the Trustee's findings will be shared with the Company's stakeholders, including its creditors and investors. The timing for completion of the Trustee's investigation is unknown at this time.

Should you have any questions with respect to any of the above, please contact Emily Klein of the Trustee's office, at 416-932-6259 or eklein@ksvadvisory.com.

DATED at Toronto, Ontario, this 8th day of December, 2021.

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