SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: CV-23-00696258-00CL

DATE: 31-MAR-2023

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TITLE OF PROCEEDING

STERCUS ACCIDIT INVESTMENT CORP
v.
JMD-M CANADA INC.

BEFORE JUSTICE MCEWEN

NAMES OF COUNSEL AND PARTY:

☒ APPLICANT(S)
☐ PLAINTIFF(S)

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Amanda McInnis – Lawyer for the Applicant, Stercus Accidit Investment Corp

NAMES OF COUNSEL AND PARTY:

☒ RESPONDENT(S)
☐ RESPONDENT(S)
☐ DEFENDANT(S)
☐ DEFENDANT(S)

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Rakesh Verma – Self-represented Respondent

NAMES OF COUNSEL AND OTHER PARTIES:

☒ **Dhruv Pal** – Lawyer for the Lenders at Second Position, Sreelu Consulting Inc., John Paul Kancherla, Balaji Ramu Dhuchetty, Likith Santosh Ambati, Keerthi Chowdary Sukhavasi and Vasu Kakarla

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~~ENDORSEMENT OF JUSTICE MCEWEN:~~

Endorsement

[1] The order sought by the Applicant appointing
[2] a Receiver shall go as per the draft
filed and signed. The relief sought is supported by the Second Mortgagees.

The principal of the Respondent, Rakesh Verma, opposed the order. He primarily submitted that the Application should be held down for 4-6 weeks to allow him an opportunity to obtain financing. He stressed that, otherwise, he would face financial collapse.

While I have sympathy for Mr Verma it is just and convenient to appoint the Receiver pursuant to the BIA and/or CJA.

The Applicant is a secured creditor. The Respondent is in default under the Applicant's Loan and the Second Mortgage. This is not disputed.

The Respondent has been in default with respect to the Loan for over 7 months. He was given notice in Oct/22. Further, for almost a year the Applicant has been attempting to obtain additional financing without success.

He concedes he is in "deep" financial trouble and as a novice businessman has had significant difficulties operating the business

He would, however, like more time (4-6 weeks) to try and obtain financing from BMO. He has, however, adduced no evidence that there is a reasonable prospect of this occurring. There is only an unsigned letter from BMO in the record, there is no other evidence that BMO is interested and the Respondent has not paid the $15,000.00 fee required in the letter. There is no suggestion that BMO has conducted any due diligence whatsoever to determine whether it will loan any money to the Respondent.

Further, Mr Verma submits that if the Applicant and the Second Mortgagees provided him with proper Payout Statements he could try and satisfy BMO that a loan ought to be advanced.

The problem with this submission is that both the Applicant and Second Mortgagees have provided Mr Verma with multiple Payout Statements - as late as Dec/22 - and no financing ever materialized.

Given the above history and no evidence of financing likely (or even possibly) being put in place it is appropriate to grant the order. Also, it bears noting that the Second Mortgagees themselves are suffering financially and need to be repaid, if possible.

I also find that the sales process proposed by the Receiver is fair and reasonable. Particularly, they are using the existing agent who is familiar with the property.

Therefore, having regard to all of the circumstances and considering the factors set out in para 52 of the Applicants' factum the order shall go.