



ONTARIO SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**ENDORSEMENT**

COURT FILE NO.: CV-24-00730869-00CL DATE: April 16, 2025

NO. ON LIST: 3

TITLE OF PROCEEDING: TWO SHORES CAPITAL CORP. V. PRODUCTIVITY MEDIA  
INC., PRODUCTIVITY MEDIA INCOME FUND I LP, and  
PRODUCTIVITY MEDIA LENDING CORP. 1

BEFORE JUSTICE: DIETRICH, J., J.

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant or Moving Party:**

Name of Person Appearing	Name of Party	Contact Info
DEERING, JORDAN R.M. LAMEK, EDMOND	KSV Restructuring (Receiver)	Jordan.deering@dlapiper.com Edmond.lamek@dlapiper.com

**For Defendant, Respondent or Responding Party:**

Name of Person Appearing	Name of Party	Contact Info
DRAKE, ROBERT GUINDON, ANTHONY	The CONSORTIUM OF UNION SPONSORED TRUST UNITHOLDERS (Ellement Funds)	rdrake@kmlaw.ca aguindon@kmlaw.ca

**For Other or Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
KOFMAN, BOBBY	KSV Restructuring (Receiver)	bkofman@ksvadvisory.com

PHOENIX, GRAHAM	WESTFIELD PARTNERS AS PMI FUNDING TRUST	gphoenix@LN.law

---

## **ENDORSEMENT:**

[1] KSV Restructuring Inc. as court-appointed Receiver of the Debtors seeks an order extending its appointment as Receiver over the assets, property and undertaking of 8397830 Canada Inc. and increasing the Receiver's borrowing authority and corresponding charge from \$750,000 to \$2.5 million.

[2] Terms not otherwise defined in this endorsement have the meaning provided to them in the factum of the Receiver filed on this motion.

[3] There is no opposition to the relief requested by the Receiver. Sonja Santor, the widow and executrix of the estate of William Santor (the former principal of the respondents and 839 Canada) has consented to relief sought.

## **The Debtors & the Receivership**

[4] The Debtors were in the business of providing senior secured debt financing for independent film and television productions in Canada, the United States, the United Kingdom, the Cayman Islands and other locations around the world.

[5] PMIF's business model principally consisted of: (i) film and television production financing (the "**Production Loans**"); and (ii) loans to global sales agents and distribution companies to enable them to provide minimum guarantees to production companies for future distribution income generated by media productions being distributed by the sales agent ("**MG Loans**"). The Debtors raised approximately CAD \$223 million from investors to fund Production Loans and MG Loans as of July 2024.

[6] In August of 2024, the Debtors received an email from one of their largest investor representatives, Westfield Partners Ltd. ("**Westfield**"), that included information in an email from an anonymous whistleblower who alleged that, among other things, PMIF's portfolio may include over USD\$100 million in loans in respect of fraudulent movie productions, legitimate productions in PMIF's portfolio were significantly overvalued, Mr. Santor, the Chief Executive Officer and 50% shareholder of PMI, had been diverting the limited receipts from productions by instructing distributors to send funds to an account that he controlled and that PMIF had only been able to pass a recent audit by using email addresses with similar names to real production and distribution companies, creating close to but not exact email addresses and using forged signatures on audit confirmations.

[7] Following an investigations of these allegations, Two Shores Capital Corp. (“**Two Shores**”), a secured lender to the Debtors, sought the appointment of a receiver over the Debtors, which was unopposed by the Debtors. On November 19, 2024, the Receivership Order was granted and KSV was appointed as Receiver of the Debtors pursuant to s. 243(1) of the BIA and s. 101 of the CJA.

## **839 Canada**

[8] A Mareva Order is currently in place (first granted on December 2, 2024 and recently extended until further order of the Court), which prevents the dissipation of assets of 839 Canada but it does not provide the Receiver with the ability to deal with or realize on the assets of 839 Canada for the benefit of the stakeholders of the Debtors or 839 Canada.

[9] 839 Canada was one of the principal companies utilized by Mr. Santor to undertake certain fraudulent activities as outlined above. After August 2016, until his death in late December of 2024, Mr. Santor was the sole director and officer of 839 Canada.

[10] As a result of certain transactions which took place in 2016, 839 Canada is currently indebted to PMIF in the principal amounts of USD\$5,640,000 and CAD\$2,259,452 plus interest and costs continuing to accrue. 839 Canada also granted to PMIF a security interest in all its present and after acquired personal property by general security agreement dated on or about March 24, 2016 (the “**GSA**”).

[11] On March 24, 2025, the Receiver’s counsel sent a demand letter and notice of intention to enforce security in accordance with s. 244 of the BIA to Sonja Santor’s counsel on behalf of 839 Canada in respect of the indebtedness owing to PMIF.

## **Funding of the Receivership**

[12] The Receivership Order provides the Receiver with the ability to borrow under the Receiver’s Borrowing Charge in the amount of \$750,000. In early December 2024 Westfield advanced CDN\$750,000 to the Receiver under the Receiver’s Borrowing Charge to fund outstanding professional fees and costs. On or about March 27, 2025, Westfield funded an additional USD\$350,000 to the Receiver in respect of the ongoing costs of the receivership (the “**March Advance**”), including to pay the insurance premium for a valuable property in the Cayman Islands, which was required on an urgent basis. Westfield funded the March Advance on the basis that the Receiver would seek approval, as soon as possible thereafter, that March Advance would be covered by an increase in the Receiver’s Borrowings Charge.

## **Issues**

[13] There are two issues to be decided. First, should 839 Canada be added as an additional debtor subject to the Receivership proceeding. Second, should the Receiver's borrowings and corresponding charge increase to \$2.5 million.

## **Analysis**

## Receivership of 839 Canada

[14] The test for the appointment of a receiver under s. 243 of the BIA or s. 101 of the CJA is whether it is just or convenient.

[15] In determining whether it is just a convenient to appoint a receiver the court must have regard to all of the circumstances of the case particularly the nature of the property and the rights and interests of all parties in relation to the property: see *Bank of Nova Scotia v Freure Village of Clair Creek*, [1996] OJ No 5088 at para 10.

[16] As summarized by Justice Osborne in *Kingsett Mortgage Corp. v. Maplevue Developments Ltd., et al.*, 2024 ONSC 1983 at paras 24-25 a number of factors have historically been taken into account in the determination of whether it is appropriate to appoint a receiver. The factors are not a checklist, but rather a collection of considerations to be viewed holistically, they include:

- a. whether irreparable harm might be caused if no order is made, although as stated above, it is not essential for a creditor to establish irreparable harm if a receiver is not appointed where the appointment is authorized by the security documentation;
- b. the risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of assets while litigation takes place;
- c. the nature of the property;
- d. the apprehended or actual waste of the debtor's assets;
- e. the preservation and protection of the property pending judicial resolution;
- f. the balance of convenience to the parties;
- g. the fact that the creditor has a right to appointment under the loan documentation;
- h. the enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulties with the debtor;
- i. the principle that the appointment of a receiver should be granted cautiously;
- j. the consideration of whether a court appointment is necessary to enable the receiver to carry out its duties efficiently;
- k. the effect of the order upon the parties;
- l. the conduct of the parties;
- m. the length of time that a receiver may be in place;
- n. the cost to the parties;
- o. the likelihood of maximizing return to the parties; and
- p. the goal of facilitating the duties of the receiver.

[17] In this case, it is just and convenient to appoint a receiver.

[18] The GSA provides for the appointment of a receiver upon default by 839 Canada in its obligations to PMIF. 839 Canada is indebted to PMIF in the principal amount of USD\$5,640,000 and CAD\$2,259,452.

[19] As well, given the involvement of 839 Canada in various fraudulent transactions with the Debtors, it appropriate be able to deal with the assets 839 Canada and 839 Canada's co-investors in a manner to preserve and protect the value of those investments and to realize upon 839 Canada's interest in them.

[20] No party is opposed to the appointment of the Receiver over 839.

[21] KSV is qualified to act as receiver. On the present facts, there is no expectation that a conflict will arise between 839 and the Debtors, however, if a conflict comes to light, the Receiver will return to court to seek directions as necessary.

[22] The current Receivership Order will be amended and restated in the form requested to add 839 Canada to the style of cause and include 839 Canada as a Debtor.

### **Receiver's Borrowings**

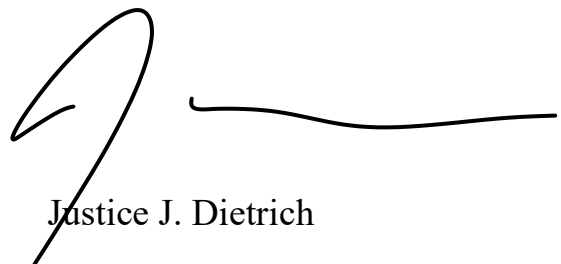
[23] The Receiver is seeking an increase in its borrowing authority and the Receiver's Borrowing Charge to \$2,500,000 to fund advances to date and ongoing fees and costs of these proceedings. The amounts advanced under the March Advance were requested by the Receiver on an urgent basis to fund the continued cost of administration of these Receivership proceedings and are properly considered receivership borrowings.

[24] The Receiver has agreed to provide the existing Receiver's borrowings lender with a five day right of first refusal to fund any future Receiver borrowing requests on terms consistent with the Receiver's borrowings to date. The Receiver is of view that this is prudent given the limited assets and uncertain receipts timetables in these proceedings. I am satisfied that the proposed increase in the Receiver's borrowings is appropriate.

### **Disposition**

[25] The Receiver's motion is granted. Orders to go in the form signed by me today.

April 16, 2025



Justice J. Dietrich