



SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00731806-00CL
CV-24-00730869-00CL

DATE: July 15, 2025

NO. ON LIST: 2 & 3

TITLE OF PROCEEDING:

Productivity Media Income Fund I LP By Its General Partner, Productivity Media Inc., By Its Court-Appointed Receiver And Manager, KSV Restructuring

Vs.

The Estate of William Gregory Santor By Its Executrix Sonja Santor, et al

Two Shores Capital Corp

Vs.

Productivity Media Inc., et al

BEFORE: Justice J. Dietrich

PARTICIPANT INFORMATION

For Plaintiff, Applicant:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent:

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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

- [1] KSV Restructuring Inc. (the “**Receiver**”), in its capacity as court appointed receiver of Productivity Media Inc. (“**PMI**”), Productivity Media Income Fund I LP (the “**Fund**”), Productivity Media Lending Corp. I (“**PMLC**”), and 8397830 Canada Inc. (“**839 Canada**”) (collectively, the “**Debtors**”) in the receivership under Court File No. CV-24 00730869-00CL (the “**Receivership**”), and in its capacity as court-appointed receiver and of PMI, and the Fund and the Plaintiff as defined in the related civil action under Court File No. CV-24-00731806-00CL (the “**Fraud Recovery Action**”) seeks two orders.
- [2] First, an order is sought in the Receivership approving the Settlement Agreement reached with Sonja Santor (“**Ms. Santor**”) and other ancillary relief (the “**Settlement Approval Order**”). Second, an order is sought within the Fraud Recovery Action varying the Mareva injunction originally granted by the Court on December 2, 2025 (the “**Mareva Order**”) as contemplated in the Settlement Agreement, including removing Ms. Santor and 839 Canada as Mareva Defendants and dismissing the Fraud Recovery Action against Ms. Santor, in her personal capacity, along with ancillary relief (the “**Mareva Variation Order**”).
- [3] The relief sought by the Receiver was opposed by Alan Plaunt and 1401713 Alberta Ltd. (collectively, “**Plaunt**”). Plaunt commenced an action in 2023 with court file CV-23-0069306-0000 (the “**Plaunt Action**”) seeking, among other things, tracing and accounting of certain funds invested by Plaunt. Part of that action, as it is proposed to be amended, seeks a constructive trust over the proceeds of an earlier settlement by Mr. Santor which resulted in settlement proceeds of \$2.85 million and a series of secured and unsecured loans and certain royalty payments (the “**Media House Settlement Proceeds**”).
- [4] With respect to the order requested in the Receivership, Plaunt takes the position that the Settlement Agreement effectively puts an end to its claim for a constructive trust over the Media House Settlement Proceeds as it transfers several assets to which a constructive is claimed by Plaunt to Ms. Santor. The Receiver takes the position that the Plaunt Action is statute barred for limitation reasons and doomed to fail from a tracing perspective.
- [5] With respect to the order requested in the Fraud Recovery Action, Plaunt seeks additional relief to ensure that all currently captured documents and records related to the mediation House Settlement Proceeds from 2017 onward be preserved pending trial of that issue.

- [6] During the hearing, discussions ensued regarding language of the requested order to ensure that Plaunt's constructive trust claim to the Media House Settlement Proceeds was preserved and that the Receiver would not make a distribution to creditors (other than secured creditors or under the Receiver's Borrowing Charge) until that claim was determined. On the basis of the revised agreed language, Plaunt withdrew its opposition to the relief requested by the Receiver.
- [7] No other party opposed the relief requested by the Receiver.
- [8] Terms not otherwise defined in this endorsement have the meaning provided to them in the factum of the Receiver filed on this motion.

Background

The Receivership and the Fraud Recovery Action

- [9] 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.
- [10] 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.
- [11] 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.
- [12] 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.
- [13] On December 2, 2024, the Court issued the Mareva Order in respect of William Gregor Santor ("**Santor**" or "**Mr. Santor**"), Ms. Santor, Radiant Films International Inc., Dark Star Pictures (Canada) Inc., Concourse Media Inc., Joker Films Productions Inc., 8397830 Canada Inc., Productivity Media Releasing Inc., Productivity Media Rentals Inc., Productivity Media Productions (Cayman) Ltd., Erbschaft Capital Corp., Stream. TV (Cayman) Ltd., and Stark Industries Limited (collectively, the "**Mareva Defendants**"). The Mareva Order was granted in the Fraud Recovery Action.

- [14] The Cayman Islands Grand Court issued an injunction on December 6, 2024 prohibiting the disposal of assets in the Cayman Islands (the “**Cayman Injunction Order**”) as against Santor, Ms. Santor, Productivity Media Productions (Cayman) Ltd., Erbschaft Capital Corp., Stream. TV (Cayman) Ltd. and Stark Industries Limited (collectively, the “**Cayman Defendants**”), representing the subset of the Mareva Defendants located in the Cayman Islands.
- [15] Mr. Santor passed away on December 28, 2024 in Grand Cayman.
- [16] On March 24, 2025, an order was made (the “**Maerva Continuation Order**”) continuing the Mareva injunction until trial and permitting the addition, removal, access, or transfer of various assets otherwise frozen by the Mareva and Norwich Order, including, inter alia, for the payment of Sonja's living expenses and legal costs owing to counsel for the Mareva Defendants, Fogler Rubinoff LLP (“**Fogler**”).
- [17] On April 16, 2025, an Amended and Restated Receivership Order (the “**ARRO**”) was granted extending KSV's appointment as Receiver over the assets, property, and undertaking of 839 Canada.
- [18] On May 20, 2025, an order was made continuing the Fraud Recovery Action against Mr. Santor's estate, of which Ms. Santor has been appointed Executrix.

The Settlement with Ms. Santor

- [19] On June 16, 2025, the Receiver entered into a Settlement Agreement with Ms. Santor conditional on approval of the Court.
- [20] Ms. Santor is a defendant in the Fraud Recovery Action both in her personal capacity and as executrix of the estate of Mr. Santor (the “**Santor Estate**”). The Settlement Agreement of which the Receiver seeks approval is only as between the Receiver and Ms. Santor in her personal capacity.
- [21] As noted above, Mr. Santor is alleged to have perpetrated a Fraudulent Scheme against the Fund and PMI that involved the misappropriation of at least \$44 million. Both the August 26, 2024 whistleblower letter, which ultimately led to the Receivership, and subsequent investigation by the Receiver, point to Mr. Santor having misappropriated \$100 million or more.
- [22] While it appears that Mr. Santor has dissipated most of the misappropriated funds—both through an extravagant lifestyle and through investments in speculative business ventures—the various Mareva Defendants (including the Santor Estate, Ms. Santor, and the various corporations that Mr. Santor established and which are now controlled by Ms. Santor) hold substantial assets in Canada, the United States, the Cayman Islands, and potentially other jurisdictions that are subject to the Mareva Order (collectively, the Mareva Assets), which the Receiver is seeking to liquidate for the benefit of affected stakeholders.
- [23] Despite extensive investigation, to date, the Receiver has identified no information that indicates Ms. Santor took any role in the Fraudulent Scheme that is the subject of the Fraud Recovery Action. Rather, the Receiver notes that Ms. Santor, through counsel, has provided consistent and ongoing cooperation to the Receiver from the time she was first served. Since the parties last appeared before the Court on March 24, 2025, Ms. Santor has continued to cooperate with the Receiver in identifying, maintaining, and liquidating various Mareva Assets and in dealing with issues arising out of the death of Mr. Santor.

- [24] The Receiver's view is that Ms. Santor's ongoing involvement will result in significant efficiencies, cost savings, and higher net recoveries, to the benefit of affected stakeholders.
- [25] The Settlement Agreement is contingent upon Ms. Santor's continuing cooperation with the Receiver's efforts to identify, locate, and liquidate the assets of the Mareva Defendants. The Settlement Agreement requires the parties to make reasonable commercial efforts to sell and liquidate the assets of the Mareva Defendants during the duration of the Settlement Agreement, with the joint goal of maximizing the value of the realizations.
- [26] The Settlement Agreement also provides that the Living Expense Amount for Ms. Santor under the Mareva Continuation Order will be brought to an end as of May 31, 2025. Under that order, Ms. Santor is entitled to a Living Expense Amount of US\$6,025.36 per week, or US\$313,318.72 per year. Without a settlement agreement or further order of the Court, Ms. Santor would be entitled to continue drawing the Living Expense Amount from assets frozen by the Mareva injunction until trial.
- [27] The Settlement Agreement contemplates that, subject to Ms. Santor's continuing cooperation with the Receiver, the Receiver shall pay Ms. Santor up to US\$1,750,000. The payments are linked to various recoveries and provide that Ms. Santor is to receive a portion of the recoveries of various asset realizations.
- [28] As well, to provide finality and certainty, the Settlement Agreement contemplates various releases of liability being provided and their approval sought from the Court. This includes an order pursuant to which: Ms. Santor releases the Receiver, PMI, the Fund, the Fund's investors, and 839 Canada from any claims or liability arising from or related to the Fraud Recovery Action; and PMI, the Fund, the Fund's investors, and 839 Canada release Ms. Santor, in her personal capacity, from any claims or liability arising from or related to the Fraud Recovery Action. The releases of Ms. Santor are contingent upon her continued cooperation with the Receiver and would be voided by the discovery of any deliberate and material misrepresentation by Ms. Santor.

Issues

- [29] The issues to be decided are whether the Settlement Agreement should be approved and the Mareva Order varied accordingly.

Approval of the Settlement Agreement

- [30] As noted recently by Chief Justice Morawetz in *Ontario Securities Commission v. Bridging Finance Inc.*, 2025 ONSC 539 [***Bridging Finance***] at para 13, in determining whether to approve a settlement in the context of a receivership, the Court generally considers: a. whether the settlement is fair and reasonable; b. whether the settlement provides substantial benefits to other stakeholders; and c. whether the settlement is consistent with the purpose and spirit of the relevant legislation.
- [31] Further, as noted in *Bridging Finance* at para 14, in receiverships, the Court frames the test for settlement approval through the lens of the long-established *Soundair* principles: a. whether the party made a sufficient effort to obtain the best price and has not acted improvidently; b. the interests of all parties; c. the efficacy and integrity of the process by which the party obtained offers; and d. whether the working out of the process was unfair: see *Royal Bank of Canada v. Soundair Corp.*, 1991 CanLII 2727.

- [32] In the context of considering whether to approve a settlement agreement in a Receivership, after noting the *Soundair* framework is to be employed, in *IWHL Inc., Re*, 2011 ONSC 5672 at para 6, the Court went on to note: “Receivers will be acting providently and making enough effort to get the best price if they carefully consider the available information and use their expertise to determine how to maximize the value of those rights. When the Receiver is considering how to deal with a cause of action, the Receiver can meet its responsibility by settling the matter as long as the proposed compromise is commercially reasonable.”
- [33] I am satisfied that the *Soundair* principles are met in this case and the Settlement Agreement should be approved.
- [34] As Mr. Santor’s spouse and the Executrix of his estate, Ms. Santor is uniquely positioned to assist the Receiver with its ongoing efforts to identify and locate the assets of the Mareva Defendants. Ms. Santor is also able to assist the Receiver with selling and liquidating personal property held in her own name or in Mr. Santor’s estate with minimal administrative hassle. Further, since Mr. Santor’s death, Ms. Santor has been made an officer and director of the various corporate Mareva Defendants. This provides the Receiver with significant efficiency in dealing with the records, accounts, and other assets of those corporate entities. Accordingly, the Receiver’s view is that Ms. Santor’s ongoing involvement will result in significant efficiencies, cost savings, and higher net recoveries, to the benefit of affected stakeholders.
- [35] As well, the Settlement Agreement will avoid tracing and litigation costs that the Receiver would otherwise be forced to incur, particularly from defences and claims that could be advanced by Ms. Santor as the current legal owner of the certain Mareva Assets, as well as the significant delay that would result from this litigation. It also avoids the ongoing Living Expense Amount to which Ms. Santor would otherwise be entitled and minimizes the time to liquidate and distribute the proceeds of the Mareva Assets.
- [36] For context, the most significant known Mareva Asset is a 9,400 sq. ft. luxury home in Vista Del Mar, Grand Cayman, with an appraised value as of September 27, 2023, of US\$8,421,000 (the “**VDM Property**”). It was purchased by Mr. Santor and Ms. Santor as joint tenants. By right of survivorship, upon Mr. Santor’s death, Ms. Santor became the VDM Property’s sole legal owner. No allegations have been advanced by the Receiver that Ms. Santor participated in the Fraudulent Scheme detailed in the Statement of Claim, nor is there any evidence uncovered by the Receiver to date indicating this. Ms. Santor has been named in the Fraud Recovery Action as an “Enriched Defendant,” with the claim against her based in knowing receipt, unjust enrichment, and constructive trust. If the Fraud Recovery Action were to proceed against Ms. Santor, she would be entitled to a hearing on the merits, including the hearing of viva voce evidence on at least the issue of the extent of her knowledge of the Fraudulent Scheme. There is cost and risk associated with this litigation, and Ms. Santor would be entitled to receive the Living Expense Amount until trial.
- [37] By contrast, the Settlement Agreement brings an immediate end to the Living Expense Amount and avoids possibly protracted litigation with Ms. Santor. The Settlement Agreement also facilitates an expedited and uncontested sale of the Mareva Assets, including the VDM Property, with Ms. Santor’s full cooperation onsite in the Cayman Islands. The vast majority of the anticipated proceeds from the sale of the VDM Property will go to the Receiver for the benefit of affected stakeholders.
- [38] After weighing these risks and benefits, the Receiver is strongly of the view that the Settlement Agreement is in the best interests of PMI, the Fund, and affected stakeholders. I agree that the Settlement Agreement reflects a fair and reasonable compromise in exchange for the time and cost savings and the certainty that flow from Ms. Santor’s ongoing cooperation in maximizing recoveries.

[39] With respect the releases incorporated into the Settlement Agreement, the principles originally set out in *ATB Financial v. Metcalfe & Mansfield Alternative Investments II Corp* 2008 ONCA 587, [*Metcalfe*] leave to appeal refused 2008 CanLII 46997 (SCC) in the context of a plan of compromise or arrangement under the *Companies' Creditors Arrangement Act*, are also instructive in the context of a receivership proceeding. The *Metcalfe* criteria, with necessary modifications, include: a. the parties to be released are necessary and essential to [maximizing recoveries for creditors and investors] of the debtor; b. the claims to be released are rationally related to the purpose of the [Settlement Agreement] and necessary for it; c. the [Settlement Agreement and realizations] cannot succeed without the releases; d. the parties who are to have claims against them released are contributing in a tangible and realistic way to the [Settlement Agreement and realizations]; and e. the [Settlement Agreement] will benefit not only the debtor companies but creditors generally.

[40] I agree that these factors are satisfied in this case. Ms. Santor's cooperation is necessary and essential to maximizing recoveries within the Receivership and avoiding various costs and delays. She will be contributing to those recoveries and cost savings in a tangible and realistic way. The release of potential claims against Ms. Santor—including those of investors in the Fund—are rationally related to and necessary for the Settlement Agreement.

Mareva Variation Order

[41] In addition to the relief related to Ms. Santor and the Settlement Agreement, the proposed Mareva Variation Order recognizes that 839 Canada is now a Debtor in the Receivership, placing its assets under the control of KSV as Receiver.

[42] Given that 839 Canada is now subject to the Receivership, leaving 839 Canada as a Mareva Defendant would needlessly increase procedural costs and impair the Receiver's ability to efficiently deal with its assets.

[43] The parties agree that nothing in the Mareva Variation Order amends the preservation of documents in the Fraud Recovery Action.

[44] Accordingly, the proposed amendments to the Mareva Order are appropriate.

Disposition

[45] The relief requested by the Receiver, with the amendments made during the hearing today is approved. Orders to go in the form signed by me.



Justice J. Dietrich

July 15, 2025