

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

TWO SHORES CAPITAL CORP.

Applicant

- and -

**PRODUCTIVITY MEDIA INC., PRODUCTIVITY MEDIA INCOME FUND I LP, PRODUCTIVITY
MEDIA LENDING CORP. I and 8397830 CANADA INC.**

Respondents

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985,
c. B-3, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43**

NOTICE OF MOTION

KSV Restructuring Inc. (the **Receiver**), in its capacity as court-appointed receiver and manager of the business, assets, and property of Productivity Media Inc. (**PMI**), Productivity Media Income Fund I LP (the **Fund**), Productivity Media Lending Corp. (**PMLC**), and 8397830 Canada Inc. (**839 Canada**) will make a motion to the Court **on a date to be scheduled on the Commercial List** by videoconference at the courthouse at 330 University Ave, Toronto, ON, M5G 1R8.

PROPOSED METHOD OF HEARING: the motion is to be heard

- ☐ In writing under subrule 37.12.1(1);
- ☐ In writing as an opposed motion under subrule 37.12.1(4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location:

Videoconference coordinates to be accessible via Case Center.

THE MOTION IS FOR:

1. An Order, to the extent necessary, abridging and validating service of this Notice of Motion and dispensing with further service thereof;
2. An Order approving and giving effect to the terms of settlement (the **Settlement**) as set out in the settlement agreement executed June 16, 2025 (the **Settlement Agreement**) between the Receiver on the one hand and Sonja Santor (**Ms. Santor**), a defendant in the related civil action bearing Court File No. CV-24-00731806-00CL (the **Fraud Recovery Action**), on the other;
3. An Order authorizing and directing the Receiver to take any and all steps necessary to give effect to the Settlement Agreement;
4. An Order amending paragraph 3(i) of the Amended and Restated Receivership Order, pronounced on April 16, 2025 (the **ARRO**), to authorize the Receiver to pay the reasonable fees and disbursements of Fogler Rubinoff LLP from available cashflow up to a maximum amount of US\$150,000;

5. An Order that, in accordance with the terms of the Settlement Agreement, Ms. Santor and Fogler Rubinoff LLP shall receive the remaining proceeds of the sale of the property located at 203, 12045 Guerin Street, Studio City, California, USA (the **Studio City Property**), free and clear of any competing claims, including those of Alan Plaunt and 1401713 Alberta Ltd. in Court File No. CV-23-00696306-0000 (the **Plaunt Action**);
6. An Order releasing Ms. Santor, in her personal capacity, of and from all claims of PMI, the Fund, PMLC, 839 Canada, the Receiver, and all current or past investors in the Fund arising from or related to the Fraud Recovery Action, conditional on Ms. Santor's compliance with the terms of the Settlement Agreement;
7. An Order requesting the aid and recognition of courts, tribunals, regulatory or administrative bodies, having jurisdiction in Canada, the United States, and/or the Cayman islands to assist the Receiver in carrying out the terms of this Order; and
8. Such further and other relief as counsel may advise and this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Procedural History and Chronology of Events

9. By Order of Justice Conway dated November 19, 2024 in the Receivership, the Receiver was appointed by this Court as the receiver and manager of PMI, the Fund, and PMLC.
10. On November 22, 2024, the Receiver commenced the Fraud Recovery Action by way of Statement of Claim issued November 22, 2024 against William Santor (**Mr. Santor**), Ms. Santor, and various corporate defendants including 839 Canada.

11. By Order of Justice Black dated December 2, 2024 in the Fraud Recovery Action (the **Mareva Order**), this Court granted an interim and interlocutory *Mareva* injunction restraining the various defendants, including 839 Canada and Ms. Santor (collectively the **Mareva Defendants**), from dissipating their assets and other relief.
12. By Order dated December 6, 2024, the Grand Court of the Cayman Islands granted an Injunction Prohibiting Disposal of Assets in the Cayman Islands (the **Cayman Order**) restraining the various respondents, including Ms. Santor, from selling, disposing of, or otherwise dealing with certain of their property located in the Cayman Islands, including the real property jointly owned by Mr. Santor and Ms. Santor located at West Bay Beach North Block 10A Parcel 150, Vista Del Mar, Cayman Islands (the **VDM Property**).
13. The *Mareva* Order was subsequently varied numerous times on the consent of the parties on December 12, 2024, December 19, 2024, January 2, 2025, January 28, 2025, and February 14, 2025 to permit, *inter alia*, the addition, removal, access, or transfer of funds by Ms. Santor (and Mr. Santor prior to his death on December 28, 2024) to the TD Account for the purpose of paying ordinary living expenses and legal fees.
14. By Order of Justice Black dated March 24, 2025, the *Mareva* Order was varied to permit the Receiver and Ms. Santor to sell personal assets previously owned by the late Mr. Santor and property understood to be owned by other defendants. The Court authorized Ms. Santor's continued entitlement to access funds for payment of ordinary living expenses. The Court further ordered that the terms of the *Mareva* Order, as varied, would be continued and remain in force until trial, subject to further order of the Court.
15. By the ARRO pronounced by Justice Dietrich on April 16, 2025, 839 Canada was added to the Receivership as an additional Debtor, which term now includes all respondents named in this receivership proceeding.

16. On May 20, 2025, the Registrar made an Order continuing the Fraud Recovery Action against the Estate of William Gregory Santor, by its Executrix Sonja Santor, and amending the title of the proceeding accordingly.

Ms. Santor's Cooperation with the Receiver's Investigations and Recovery Efforts

17. To date, the Receiver has not identified any information that indicates that Ms. Santor had any role in the Fraudulent Scheme that is the subject of the Fraud Recovery Action.

18. Since the *Mareva* Order was granted, Ms. Santor has cooperated with the Receiver's investigative efforts, including to locate, sell, and liquidate Mr. Santor's and her own personal assets, as well as assets owned by certain corporate defendants.

19. Ms. Santor has also assisted the Receiver with investigating and advancing claims on behalf of PMI and the Fund against third parties.

The Settlement Agreement

20. Pursuant to paragraph 3 of the ARRO, the Receiver is authorized and empowered to settle, extend or compromise any indebtedness owing to the Debtors.

21. To secure Ms. Santor's ongoing cooperation, reduce costs and delay, avoid unnecessary litigation, and maximize net recoveries, the Receiver, with the assistance of counsel, has engaged in extensive settlement negotiations with Ms. Santor, culminating in the Settlement Agreement that is being presented to the Court for approval.

22. 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. The

Settlement Agreement is contingent on Ms. Santor's continuing cooperation and would be voided by any deliberate and material misrepresentation or event of default.

23. The payments to Ms. Santor under the Settlement Agreement have been structured in a manner to incentivize her ongoing cooperation. Ms. Santor will receive up to US\$1,750,000, consisting of:

- a. US\$1,000,000 from the sale of the VDM Property of which Ms. Santor is the current legal owner, with the balance of net proceeds going to the Receiver;
- b. US\$500,000 from the sale of various other real and personal assets of the Mareva Defendants, with the balance of the net proceeds going to the Receiver; and
- c. A "bonus payment" of US\$250,000 if, with Ms. Santor's assistance, gross amounts recovered in the Receivership exceed US\$20,250,000.

24. The Settlement with Ms. Santor is reasonable and practicable in the circumstances, particularly considering the anticipated professional costs of dealing with the assets of the Mareva Defendants across multiple jurisdictions. As Mr. Santor's spouse and Executrix of his estate, Ms. Santor is uniquely positioned to aid the Receiver with its ongoing efforts to identify and locate the assets of the Mareva Defendants, as well as sell and liquidate personal property held in her own name or in Mr. Santor's estate with minimal administrative hassle.

25. The Settlement avoids the continued depletion of potential recoveries for affected stakeholders in the Receivership resulting from the existing exemption to the *Mareva* Order under which Ms. Santor has been accessing US\$6,025.36 per week for payment of ordinary living expenses. It also avoids the potential for depletion resulting from any further

exemptions to the *Mareva* Order, such as for payment of the Mareva Defendants' legal fees over and above those amounts specifically set out in the Settlement Agreement.

26. Subject to Ms. Santor's continued fulfilment of the terms of the Settlement Agreement, the parties thereto have agreed that the *Mareva* Order shall cease to have any force or effect upon her (except for the VDM Property discussed below), that Ms. Santor's Accounts shall no longer be frozen or restrained by operation of the *Mareva* Order, and that Ms. Santor shall be permitted to access or otherwise utilize Ms. Santor's Accounts without restriction.

27. To provide finality for the parties, the proposed Settlement Agreement includes:

- a. Ms. Santor releasing the Receiver, PMI, and the Fund from any claims or liability arising from or related to the Fraud Recovery Action; and
- b. an order releasing Ms. Santor from any claims of or liability to PMI, PMIF, PMIF's investors, 839 Canada, and the Receiver, arising from or related to the Fraud Recovery Action, conditional on her ongoing compliance with the terms of the Settlement Agreement.

28. The Settlement Agreement provides a degree of certainty and predictability regarding costs and benefits relating to the issues underlying the Fraud Recovery Action and this Receivership, which cannot otherwise be expeditiously or effectively achieved.

29. The Settlement Agreement represents a fair and commercially reasonable compromise in all the circumstances and for the purpose of these proceedings.

30. It is in the best interests of the parties to the Receivership, and their respective stakeholders, that the terms contemplated by the Settlement Agreement be implemented.

The VDM Property

31. The VDM Property is a 9,400 sq. ft. luxury property on Grand Cayman. As of September 27, 2023, the property had an appraised value of US\$8,421,000, and at the time the *Mareva* Order and the Cayman Order came into force, had no registered encumbrances. It is the most significant known asset of the Mareva Defendants.

32. The VDM Property was owned by Mr. Santor and Ms. Santor as joint tenants. By right of survivorship, upon Mr. Santor's death, Ms. Santor became the property's sole legal owner.

33. Ms. Santor is consenting to and cooperating with the Receiver's efforts to maximize value from the sale of the VDM Property. Under the Settlement Agreement, Ms. Santor will receive US\$1,000,000 of the net proceeds, with the balance going to the Receiver for the benefit of affected stakeholders, most notably the investors in the Fund.

34. The Receiver's consent to any sale of the VDM Property will require approval of this Court, to be obtained on notice to the parties on the service list in these Receivership proceedings.

35. While Ms. Santor is to be released from the *Mareva* Order as part of the approval of the Settlement Agreement, the *Mareva* Order and the Cayman Order will remain in place regarding the VDM Property until its sale is completed.

The Studio City Property

36. As set out in the December 12, 2024 and December 19, 2024 Orders of Justice Black, Mr. Santor and Ms. Santor owned a condominium unit located at 203, 12045 Guerin Street, Studio City, California, USA (the **Studio City Property**).

37. On November 25, 2024—one week prior to the *Mareva* Order—the Studio City Condo was sold to a third party for US\$1,500,000.
38. After repayment of the mortgage, the net proceeds of sale of the Studio City Condo were US\$142,219.60 (the **Net Proceeds**). Ms. Santor is still awaiting reimbursement of the United States Internal Revenue Service non-resident tax withholdings in the approximate amount of US\$202,000 and the California Tax Board non-resident tax withholdings in the approximate amount of US\$34,000 (the **Remaining Proceeds**).
39. By Order of Justice Black dated December 19, 2024, the Net Proceeds were transferred to the TD Joint Account and then to Fogler Rubinoff LLP (**Foglers**), in trust, for payment of the Mareva Defendants' legal fees.
40. By Order of Justice Black dated March 24, 2025, the Court ordered that the Remaining Proceeds were to be allocated to Foglers and Ms. Santor, to the Receiver, and to Ms. Santor personally.
41. The Remaining Proceeds have not yet been received by Ms. Santor. In accordance with the Settlement Agreement, the Plaintiff and Ms. Santor have agreed that:
- a. US\$105,000 shall be paid to Foglers, in trust, for payment of further legal fees and disbursements incurred by Ms. Santor and the other Mareva Defendants; and
 - b. The balance shall be paid to Ms. Santor.

The Plaunt Action and Purported Constructive Trust Claim over the Studio City Property

42. On or about March 15, 2023, Alan Plaunt and 1401713 Alberta Ltd. commenced an action against Mr. Santor, Prosapia Wealth Management Ltd., Prosapia Capital Management Corp., Prosapia Property Management Inc., Prosapia Holdings Inc., Prosapia Consulting

Inc., Productivity Media Inc., Productivity Media Capital Inc. Productivity Media Management Inc., Productivity Media UK Limited, Productivity Media Pictures Inc., Productivity Media (Malta) Ltd., Productivity Media Sicav PLC, Tristar Film Finance Corp., Media House Capital (Canada) Corp. (**Media House**), and Aaron Gilbert (**Mr. Gilbert**) by way of a Notice of Action in Court File No. CV-23-00696306-000 (the **Plaunt Action**).

43. The Plaunt Action arises from investments allegedly made in 2009 or 2010 by Alan Plaunt (**Mr. Plaunt**) through Prosapia Wealth Management Ltd. (Mr. Santor's prior Ontario based wealth management firm) in production loans through Media House for four films. Mr. Plaunt alleges that a substantial portion of his investments were diverted to purposes other than to the four films via Media House.

44. As described in the Plaunt Action, Mr. Santor and Prosapia Wealth were sued by Media House and Mr. Gilbert in 2012 (the **Media House Action**). Mr. Santor and several corporate defendants delivered a defence and crossclaim in the Media House Action in December 2012. The Media House Action settled in 2017.

45. In the Plaunt Action, Mr. Plaunt alleges that Mr. Santor conspired to deprive him of repayment, prevent him from taking independent steps to recover his losses, and conceal the status and settlement of the Media House Action, which caused him to suffer further losses. Mr. Plaunt seeks unparticularized damages and declaratory relief for, *inter alia*, breach of fiduciary duty, conversion, and unjust enrichment.

46. The Receiver has reviewed correspondence between Mr. Plaunt and Mr. Santor regarding the Media House Action, which support that Mr. Plaunt was aware of the Media House Action prior to expiry of the limitation period and that there was no reasonable basis for Mr. Plaunt's alleged delayed discovery of the settlement of the Media House Action in 2017. As such, the Plaunt Action, which was commenced in March 2023, nearly six years

after the Media House Action was settled and 14 years after the underlying loans, is statute-barred by the expiry of the limitation period.

47. Further, the Receiver has a competing constructive trust claim as against the assets of Mr. Santor, including the Studio City Proceeds.

48. The Affidavit of Krista Mooney of Pricewaterhouse Coopers LLP (the **PwC Affidavit**) filed in support of the *Mareva* Order summarizes amounts advanced and repaid in respect of each of the Fraudulent Loans (as defined in the Fraud Recovery Action). The Fraudulent Loans included multiple loan advances prior to January 2018, being the date of purchase of the Studio City Condo. The investigation conducted prior to the commencement of this action revealed that Mr. Santor and the other parties to the Fraudulent Scheme, as defined in the action and the PwC Affidavit, misappropriated at least CAD\$21,410,000 from the Fund between March 30, 2016 and December 22, 2017.

49. Mr. Plaunt has failed to establish a constructive trust over the Studio City Proceeds. In the face of the Receiver's competing constructive trust claim and Settlement with Ms. Santor, it would be unfair to all stakeholders in this Receivership for the Plaunt Action to upend the Settlement Agreement. Accordingly, the Receiver seeks the court's approval to permit the Studio City Proceeds to be paid to Foglers, in trust, and to Ms. Santor as contemplated by the Settlement Agreement free and clear of any competing claims, including those of the plaintiffs in the Plaunt Action.

50. Rules 1.04, 16.04, and 37 of the Ontario *Rules of Civil Procedure*, RRO 1990, Reg 194, as amended;

51. Section 249 of the *Bankruptcy and Insolvency Act*, RSC 1985 c. B-3, as amended; and

52. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

53. The Receiver's Third Report to Court and executed Settlement Agreement attached thereto;

54. Draft Settlement Approval Order; and

55. Such further and other evidence as counsel may advise and this Honourable Court may permit.

June 17, 2025

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TWO SHORES CAPITAL CORP.

and

PRODUCTIVITY MEDIA INC., ET AL

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**PROCEEDING COMMENCED AT
TORONTO**

NOTICE OF MOTION

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