



ONTARIO SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**COUNSEL SLIP/ENDORSEMENT**

COURT FILE NO.: CV-21-00663051-00CL DATE: September 22, 2025

NO. ON LIST: 4

TITLE OF PROCEEDING: **KINGSETT MORTGAGE CORPORATION v. SUNRISE  
ACQUISITIONS (HWY 7) INC.**

BEFORE JUSTICE: **J. DIETRICH**

**PARTICIPANT INFORMATION**

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

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

Name of Person Appearing	Name of Party	Contact Info
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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:**

- [1] KSV Restructuring Inc. ("**KSV**"), in its capacity as receiver and manager (the "**Receiver**") of Sunrise Acquisitions (Hwy 7) Inc. (the "**Debtor**"), seeks an order (the "**Distribution and Discharge Order**") which:
- a. approves the assignment of the Judgment held by the Receiver and of certain Priority Agreements between the Receiver and Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**") and Westmount Guarantee Services Inc. ("**Westmount**") to FAAN Mortgage Administrators Inc., solely in its capacity as Court-appointed trustee (in such capacity, the "**Sorrenti Trustee**") over all of the assets, undertakings and properties of Derek Sorrenti ("**Sorrenti**") and Sorrenti Law Professional Corporation ("**Sorrenti Law**");
  - b. approves the Third Report of the Receiver dated October 20, 2021, the Supplement to the Third Report of the Receiver dated February 25, 2022, the Second Supplement to the Third Report of the Receiver dated August 8, 2022, the Third Supplement to the Third Report of the Receiver dated November 4, 2022, the Fourth Supplement to the Third Report of the Receiver dated April 28, 2023, the Fourth Report of the Receiver dated September 17, 2025 (the "**Fourth Report**" and collectively, the "**Reports**") and the activities of the Receiver set out therein;
  - c. approves the fees and disbursements of the Receiver and its counsel, Bennett Jones LLP as set out in the Fourth Report and the Fee Affidavits, including the Fee Accrual;
  - d. discharges KSV as the Receiver upon service of (the "**Receiver's Discharge Certificate**"); and
  - e. releases and discharges KSV and its current and former affiliates, directors, officers, partners, managers, employees, agents, advisors and shareholders (the "**Released Parties**").
- [2] The Relief sought by the Receiver is not opposed. The Sorrenti Trustee supports the relief sought.
- [3] Defined terms used but not defined herein have the meaning provided for in the factum of the Receiver filed for use on this motion.
- [4] The Debtor was formed for the sole purpose of developing a 52-townhome development project located in Markham, Ontario (the "**Unionvillas Project**"). In connection with the development of the Unionvillas Project, KingSett Mortgage Corporation ("**KingSett**") provided secured financing to the Debtor.
- [5] The Debtor's other primary source of funding for the Unionvillas Project was a syndicated mortgage financing (the "**Syndicated Financing**") arranged by Fortress Real Developments Inc. and its affiliates. The Syndicated Financing was previously administered by Sorrenti through his law firm, Sorrenti Law. Pursuant to an order of this Court dated September 30, 2019, the Sorrenti Trustee was appointed over the assets, undertakings and properties of Sorrenti and Sorrenti Law.
- [6] On June 9, 2021, KingSett sought and obtained an order (the "**Receivership Order**") appointing the Receiver. Previous court orders in this proceeding have approved realizations of assets of the Debtor and distributions such that KingSett is now repaid in full.
- [7] The Receiver does not have sufficient funds to satisfy amounts owed by the Debtor to the Sorrenti Trustee or other creditors. As of September 12, 2025, approximately \$9.52 million remains owing to the Sorrenti Trustee.

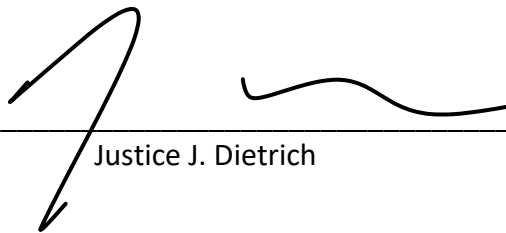
- [8] During the Receivership Proceeding, the Receiver entered into a Settlement Agreement with certain individuals including Sajjad Husaain and Muzammil Kodwavi, the principals of the Debtor and their spouses and other related parties which was previously court-approved on May 8, 2023. Default occurred under the Settlement Agreement and the Receiver has taken steps to enforce its rights under that agreement including obtaining a Judgment requiring the Responding Parties to pay over \$14 million. The Receiver's additional efforts have resulted in approximately \$2.39 million being recovered by the Receiver under the Judgment – however the Receiver is of the view additional recovery efforts will not satisfy the full amount of the Judgment.
- [9] Given the expected realizable value of the Debtor's and the Responding Parties' remaining assets, the limited scope of the Remaining Matters to be attended to in these proceedings and the substantial shortfall the Sorrenti Trustee, as the Debtor's fulcrum creditor, is anticipated to incur, the Receiver engaged in discussions with the Sorrenti Trustee regarding an assignment of the Judgment.
- [10] The proposed Assignment Transaction contemplates the assignment, conveyance and transfer to the Sorrenti Trustee of all of the Receiver's and the Debtor's right, title and interest in the Judgment. Pursuant to the proposed Distribution and Discharge Order, the Assignment Transaction will be made free and clear of all claims and encumbrances, save and except for as otherwise contemplated in the Priority Agreements and the Assignment Agreements and the Sorrenti Charge.
- [11] The Receiver has no further assets to monetize and no further mandate to pursue in these proceedings beyond the proposed Assignment Transaction and the remaining matters set out in the Fourth Report.
- [12] The issues to be determined are whether the court should approve (i) the Assignment Transaction including the assignment of the Priority Agreements and vest the Judgment in and to the Sorrenti Trustee free and clear; (ii) the Distributions to the Sorrenti Trustee; (iii) the Receiver's activities, as set out in the Reports; (iv) the fees of the Receiver and its counsel as set out in the Reports; and (v) the discharge of KSV as Receiver and provide the requested release.
- [13] The Receiver seeks approval of the Assignment, the Assignment Transaction, and the Assignment Agreements, and the vesting of the Judgment in and to the Sorrenti Trustee free and clear of all claims and encumbrances, save and except for as otherwise contemplated in the Priority Agreements and the Assignment Agreements and the Sorrenti Charge. As the fulcrum creditor in these proceedings, the Sorrenti Trustee is the sole party expected to have an economic interest in the Judgment and any further recoveries that may be obtained thereunder. The Receiver has obtained an opinion that subject to customary qualifications and assumptions, Sorrenti Law holds a valid and perfected security interest in respect of the Property, as set out in its various security documents.
- [14] The proposed Assignment Transaction will reduce the professional fees associated with continuing to enforce the Judgment, which will limit the erosion of the Sorrenti Trustee's available recovery and be beneficial to all stakeholders.
- [15] This Court has previously determined, the Sorrenti Trustee, to which approximately \$9.52 million is owing, has the senior most interest in the monies realized in these proceedings and is thus entitled to receive such monies up to the extent of the Sorrenti Indebtedness.
- [16] The approval of the Assignment Transaction and related relief, as well as the proposed Distribution is consistent with that previous order and is appropriate in the circumstances.
- [17] The request to approve the Reports is not unusual and there are good policy and practical reasons for doing so. No opposition to the approval of the Reports has been raised and the approval of the Reports is appropriate in the circumstances as the Receiver has acted reasonably and in good

faith. The draft order provided contains the typical language that only the Receiver is entitled to rely on the approval.

[18] The Receiver also seeks approval of the fees and disbursements of the itself and its legal counsel, including the Fee Accrual as set out in the Fourth Report to complete matters. In this respect, as the Court of Appeal for Ontario held in *Bank of Nova Scotia v Diemer* 2014 ONCA 851 at paras 33 and 45, this Court does not undertake a line-by-line analysis of the invoices. Rather, the guiding principles on fee approvals of this nature are whether the fees are fair, reasonable, and proportionate given the value of the property and liabilities as well as the complexity of the Proceeding. In considering these guiding principles, the fees of the Receiver and its counsel are appropriate and are approved.

[19] The Receivership proceeding has run its course, the discharge of the Receiver upon filing of the Receiver's Discharge Certificate is appropriate and is approved. The proposed release of the Released Parties is not controversial and is appropriate in the circumstances. The release does not cover conduct that amounts to gross negligence or willful misconduct.

[20] Order to go in the form signed by me this day.



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Justice J. Dietrich

Date: September 22, 2025