

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

B E T W E E N:

GRANT THORNTON LIMITED, IN ITS CAPACITY AS THE COURT-APPOINTED TRUSTEE OF TEXTBOOK STUDENT SUITES (525 PRINCESS STREET) TRUSTEE CORPORATION, TEXTBOOK STUDENT SUITES (555 PRINCESS STREET) TRUSTEE CORPORATION, TEXTBOOK STUDENT SUITES (ROSS PARK) TRUSTEE CORPORATION, 2223947 ONTARIO LIMITED, MC TRUSTEE (KITCHENER) LTD., SCOLLARD TRUSTEE CORPORATION, TEXTBOOK STUDENT SUITES (774 BRONSON AVENUE) TRUSTEE CORPORATION, 7743718 CANADA INC., KEELE MEDICAL TRUSTEE CORPORATION, TEXTBOOK STUDENT SUITES (445 PRINCESS STREET) TRUSTEE CORPORATION AND HAZELTON 4070 DIXIE ROAD TRUSTEE CORPORATION, AND KSV KOFMAN INC., IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO LTD., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC., TEXTBOOK (555 PRINCESS STREET) INC., TEXTBOOK (445 PRINCESS STREET) INC., MCMURRAY STREET INVESTMENTS INC., TEXTBOOK (774 BRONSON AVENUE) INC. AND TEXTBOOK ROSS PARK INC.

Plaintiffs

- and -

AEOLIAN INVESTMENTS LTD., JOHN DAVIES IN HIS PERSONAL CAPACITY AND IN HIS CAPACITY AS TRUSTEE OF BOTH THE DAVIES ARIZONA TRUST AND THE DAVIES FAMILY TRUST, JUDITH DAVIES IN HER PERSONAL CAPACITY AND IN HER CAPACITY AS TRUSTEE OF THE DAVIES FAMILY TRUST, GREGORY HARRIS IN HIS PERSONAL CAPACITY AND IN HIS CAPACITY AS TRUSTEE OF THE DAVIES FAMILY TRUST, HARRIS + HARRIS LLP, NANCY ELLIOT, ELLIOT LAW PROFESSIONAL CORPORATION, WALTER THOMPSON, 1321805 ONTARIO INC., BRUCE STEWART, THE TRADITIONS DEVELOPMENT COMPANY LTD., DAVID ARSENAULT, JAMES GRACE, BHAKTRAJ SINGH A.K.A. RAJ SINGH, RS CONSULTING GROUP INC., TIER 1 TRANSACTION ADVISORY SERVICES INC., JUDE CASSIMY, FIRST COMMONWEALTH MORTGAGE CORPORATION, MEMORY CARE INVESTMENTS LTD., TEXTBOOK SUITES INC., TEXTBOOK STUDENT SUITES INC. AND MICHAEL CANE

Defendants

**JOINT AIDE MEMOIRE OF GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT APPOINTED TRUSTEE AND
KSV RESTRUCTURING INC., IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER**

(Case Conference January 30, 2024)

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*Lawyers for KSV Restructuring Inc.
(formerly KSV Kofman Inc.), in its
capacity as the Court-appointed
Receiver of the Receivership
Companies*

TO: ATTACHED SERVICE LIST

AIDE MEMOIRE

1. Grant Thornton Limited, in its capacity as the court-appointed trustee of eleven special purpose entities (in such capacity, the “**Trustee**”)¹ and KSV Restructuring Inc., in its capacity as the court-appointed receiver of various real estate development companies (in such capacity, the “**Receiver**”)² are co-plaintiffs in an action that relates to a syndicated mortgage investment scheme. The action seeks damages in excess of \$100 million against certain individuals and corporations that were involved in raising funds from investors, and that were involved in borrowing those funds for the purpose of certain real estate development projects. A copy of the statement of claim (as amended) is attached at **Tab 1**.

2. The statement of claim was issued on October 3, 2018. Following the conclusion and court approval of settlements with certain of the defendants, the parties conducted examinations for discovery in 2021. Thereafter, the Trustee and Receiver entered into settlement negotiations that resulted in further settlements with certain defendants, which were approved by the Court by way of an order issued April 21, 2023.

3. The Trustee and Receiver served their answers to undertakings on September 8, 2023.

4. Currently, there are three sets of defendants remaining who are participating in the litigation:

¹ The Trustee was appointed by order dated October 27, 2016, on the application of The Superintendent of Financial Services, over eleven corporations involved in raising syndicated mortgage investments.

² The Receiver was appointed by orders dated February 2, 2017, April 28, 2017, January 9, 2018, and May 30, 2018, on the application of the Trustee (and in one case on the application of a secured creditor, KingSett Mortgage Corporation), over certain corporations involved in the developments that were to be funded by the syndicated mortgage investments.

- (a) John Davies and his corporation Aeolian Investments Ltd. (the “**Davies Defendants**”);
- (b) Bruce Stewart and his corporation The Traditions Development Company Ltd. (the “**Stewart Defendants**”); and
- (c) Gregory Harris and his law firm, Harris + Harris LLP (the “**Harris Defendants**”).

5. The Harris Defendants served their answers to undertakings on January 3, 2024 and January 15, 2024.

6. The Davies Defendants and Stewart Defendants have not yet served answers to undertakings. Their respective counsel have advised that they are agreeable to an endorsement directing that their answers be served by no later than February 15, 2024. The Trustee and Receiver therefore request that the Court make such an endorsement at this case conference to promote the expedient resolution of this action.

7. In addition, the Trustee and Receiver are looking ahead to setting this matter down for trial. The Trustee and Receiver would appreciate the opportunity to discuss any outstanding issues to be addressed before this action can be set down for trial, with the Court’s guidance, including issues arising from the plaintiffs’ and defendants’ undertakings.

Aird & Berlis LLP

AIRD & BERLIS LLP / BENNETT JONES LLP

**ONTARIO
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Proceedings commenced at Toronto

JOINT AIDE MEMOIRE

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