



**Twenty-Third Report of
KSV Restructuring Inc.
as Receiver and Manager of Certain Property
of Scollard Development Corporation, Memory
Care Investments (Kitchener) Ltd., Memory
Care Investments (Oakville) Ltd., 1703858
Ontario Inc., Legacy Lane Investments Ltd.,
Textbook (525 Princess Street) Inc. and
Textbook (555 Princess Street) Inc.**

August 28, 2025

and

**Eleventh Report of KSV Restructuring Inc. as
Receiver and Manager of Certain Property of
Textbook (445 Princess Street) Inc.**

and

**Eighth Report of KSV Restructuring Inc. as
Receiver of Certain Property of Textbook (774
Bronson Avenue) Inc., Textbook Ross Park
Inc. and McMurray Street Investments Inc.**

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

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

AND IN THE MATTER OF THE RECEIVERSHIP OF TEXTBOOK (445 PRINCESS STREET) INC.

AND IN THE MATTER OF THE RECEIVERSHIP OF TEXTBOOK ROSS PARK INC., TEXTBOOK (774 BRONSON AVENUE) INC. AND MCMURRAY STREET INVESTMENTS INC.

**TWENTY-THIRD REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.**

AND

**ELEVENTH REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF
TEXTBOOK (445 PRINCESS STREET) INC.**

AND

**EIGHTH REPORT OF KSV RESTRUCTURING INC. AS RECEIVER
OF TEXTBOOK ROSS PARK INC., TEXTBOOK (774 BRONSON AVENUE) INC. AND
MCMURRAY STREET INVESTMENTS INC.**

AUGUST 28, 2025

1. Introduction

1. This report (“**Report**”) is filed by KSV Restructuring Inc.¹ (“**KSV**”) in its capacity as receiver of certain property of Scollard Development Corporation (“**Scollard**”), Memory Care Investments (Kitchener) Ltd. (“**Kitchener**”), Memory Care Investments (Oakville) Ltd. (“**Oakville**”), 1703858 Ontario Inc. (“**Burlington**”), Legacy Lane Investments Ltd. (“**Legacy Lane**”), Textbook (525 Princess Street) Inc. (“**525 Princess**”), Textbook (555 Princess Street) Inc. (“**555 Princess**”), Textbook (445 Princess Street) Inc. (“**445 Princess**”), Textbook (774 Bronson Avenue) Inc. (“**Bronson**”), Textbook Ross Park Inc. (“**Ross Park**”) and McMurray Street Investments Inc. (“**McMurray**”) (collectively, the “**Receivership Companies**”).
2. Pursuant to an order (the “**Trustee Appointment Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated October 27, 2016, Grant Thornton Limited was appointed Trustee (in such capacity, the “**Trustee**”) of eleven entities² (collectively, the “**Trustee Corporations**”), which raised monies from investors (the “**Investors**”) through syndicated mortgage investments (the “**SMIs**”).³ Eight of the Trustee Corporations then advanced these monies on a secured basis pursuant to loan agreements (the “**Loan Agreements**”) between the Trustee Corporations and the Receivership Companies.
3. On January 21, 2017, the Trustee brought a motion for an order (the “**Initial Receivership Order**”) appointing KSV as receiver and manager (in such capacity, the “**Receiver**”) of the real property owned by Scollard and the assets, undertaking and property of Scollard acquired for or used in relation to the real property. On February 2, 2017, the Court made the Initial Receivership Order.
4. On April 18, 2017, the Trustee brought a motion, *inter alia*, seeking an order amending and restating the Initial Receivership Order to include the real property registered on title as being owned by Kitchener, Oakville, Burlington, Legacy Lane, 555 Princess and 525 Princess, and the assets, undertaking and property of these entities acquired for or used in relation to their real property (the “**Amended and Restated Receivership Order**”). On April 28, 2017, the Court made the Amended and Restated Receivership Order. The Amended and Restated Receivership Order was further amended by Court order on May 2, 2017, to address certain clerical errors.
5. On January 3, 2018, KingSett Mortgage Corporation (“**KingSett**”), a secured creditor of 445 Princess, brought a motion for an order (the “**445 Receivership Order**”) in a separate Court proceeding appointing KSV as Receiver of the real property owned by 445 Princess and the assets, undertaking and property of 445 Princess acquired for or used in relation to the real property. On January 9, 2018, the Court made the 445 Receivership Order.

¹ Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

² 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.

³ Individuals who hold their mortgage investment in a Registered Retirement Savings Plan have a mortgage with Olympia Trust instead of the applicable Trustee Corporation.

6. On February 26, 2018, the Trustee brought a motion for an order (the “**Ross Park Receivership Order**”) appointing MNP Ltd. (“**MNP**”) as receiver of the real property owned by Ross Park and certain related assets, undertaking and property of Ross Park. On March 1, 2018, the Court made the Ross Park Receivership Order. Pursuant to the Ross Park Receivership Order, MNP is not permitted to deal with the litigation that is the subject of the Receiver’s various reports to Court.
7. On May 17, 2018, the Trustee brought a motion for an order (the “**Bronson-Ross Park-McMurray Receivership Order**”) appointing KSV as Receiver of certain assets, undertaking and property of Bronson, Ross Park and McMurray for the primary purpose of including them and representing their interest in any litigation pursued by the Receiver. On May 30, 2018, the Court made the Bronson-Ross Park-McMurray Receivership Order. The Initial Receivership Order, the Amended and Restated Receivership Order, the 445 Receivership Order and the Bronson-Ross Park-McMurray Receivership Order are collectively referred to below as the “**Receivership Orders**” and are attached as **Appendix “A”**.
8. The Receivership Orders expressly empower and authorize the Receiver to initiate, prosecute and continue the prosecution of any and all proceedings on behalf of the companies subject to the Receivership Orders (i.e., the Receivership Companies). Under the Receivership Orders, the Receiver is also empowered and authorized to settle or compromise any such proceedings. The Receivership Orders further provide that the Receiver is at liberty and authorized and empowered to apply to any court for assistance in carrying out the terms of the Receivership Orders.

1.1 Litigation

1. Following the issuance of the Amended and Restated Receivership Order, the Receiver commenced a review of, *inter alia*, the receipts and disbursements of the Receivership Companies (other than 445 Princess, Bronson, Ross Park and McMurray, which were not in receivership at the time) (the “**Review**”). Additionally, at the request of the Trustee, the Receiver reviewed the receipts and disbursements of the balance of the Receivership Companies, namely 445 Princess, Bronson, Ross Park and McMurray.
2. On June 6, 2017, the Receiver filed its Fourth Report to Court (the “**Fourth Report**”), which provided the Court with the Receiver’s findings regarding the Review. The Fourth Report reflected that, *inter alia*, millions of dollars were paid by the Receivership Companies to their shareholders and related parties in respect of management fees, consulting fees, dividends, loans and other amounts.
3. Based on the Receiver’s findings as set out in the Fourth Report, the Receiver commenced an action (the “**Initial Litigation**”) by way of statement of claim (the “**Statement of Claim**”) against John Davies (“**Davies**”) and Aeolian Investments Ltd. (“**Aeolian**”, and together with Davies, the “**Davies Defendants**”) alleging, *inter alia*, fraud, breach of fiduciary duty and negligence. Davies is a director and officer of each of the Receivership Companies. Aeolian is owned by Davies’ wife, Judith Davies (“**Judith**”), and his children. Aeolian’s sole director and officer is Davies. Aeolian is a direct or an indirect shareholder of each of the Receivership Companies other than McMurray, which is owned, in part, by the Davies Family Trust (the “**Family Trust**”).
4. Corporate charts for each of the Receivership Companies are collectively attached as **Appendix “B”**.

5. On July 12, 2017, the Receiver filed its Sixth Report to Court. The Sixth Report detailed, *inter alia*, that Davies and Aeolian inappropriately transferred assets received from the Receivership Companies to Judith, the Family Trust and the Davies Arizona Trust (the “**Arizona Trust**” and together with the Family Trust, the “**Trusts**”).
6. On August 31, 2017, the Court granted the Receiver leave to amend its Statement of Claim (the “**Amended Statement of Claim**”) to add as defendants Davies in his capacity as the trustee and/or representative of the Trusts, Judith in her personal capacity and in her capacity as trustee and/or representative of the Family Trust, and Gregory Harris (“**Harris**”), solely in his capacity as trustee and/or representative of the Family Trust.
7. On October 3, 2018, the Trustee and the Receiver jointly commenced a new action (the “**Litigation**”) by way of Statement of Claim (the “**Fresh Statement of Claim**”) against, among others, all the principals of the Receivership Companies and the Trustee Corporations, certain related persons, companies and entities, and several of their advisors and related companies and entities, including:
 - James Grace (“**Grace**”), a former officer of 445 Princess;
 - Raj Singh (“**Singh**”), Tier 1 Transaction Advisory Services Inc. (“**Tier 1**”), and RS Consulting Group Inc. (“**RSCG**”, and collectively with Singh and Tier 1, the “**Singh Defendants**”);
 - Nancy Elliott (“**Elliott**”) and Elliott Law Professional Corporation (“**Elliott Co.**”, and together with Elliott, the “**Elliott Defendants**”), which ostensibly acted as legal counsel for the Trustee Corporations;
 - the Davies Defendants, Judith and the Trusts;
 - Davies’ business partner, Walter Thompson (“**Thompson**”), and Thompson’s holding corporation, 1321805 Ontario Inc. (“**Thompson Co.**”, and together with Thompson, the “**Thompson Defendants**”);
 - certain other current and former directors and officers of the Trustee Corporations, the Receivership Companies and Tier 1, including, Bruce Stewart (“**Stewart**”), as well as The Traditions Development Company Ltd. (“**Stewart Co.**”, and together with Stewart, the “**Stewart Defendants**”), Jude Cassimy, David Arsenault (“**Arsenault**”) and certain related corporations;
 - Harris and his law firm, Harris & Harris LLP (“**Harris LLP**”, and together with Harris, the “**Harris Defendants**”), which acted for the Receivership Companies and the Trustee Corporations; and
 - Michael Cane (“**Cane**”), who prepared appraisals of the real property on which the SMLs were raised (the foregoing, other than the Singh Defendants, Grace, the Elliott Defendants, Arsenault, the Thompson Defendants, Cane, the Stewart Defendants and the Harris Defendants are collectively referred to as the “**Non-Settling Defendants**”).
8. A total of \$106 million in damages is sought in the Litigation (among other relief), representing the anticipated amount of the principal lost by the Investors from their aggregate investment of approximately \$131.3 million in the SMLs.

9. Since its issuance, the Fresh Statement of Claim has been amended on four occasions in connection with the Mareva Settlement, the Singh Settlement, the Grace Settlement, the Elliott Settlement, the Arsenault Settlement, the Cane Settlement, and the Thompson Settlement (all as defined and described in more detail below). A copy of the Fourth Amended Statement of Claim is attached as **Appendix “C”**.
10. The Receiver and the Trustee have diligently advanced the Litigation in the best interests of the Trustee Corporations, the Receivership Companies and their respective stakeholders.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information with respect to the Litigation in these proceedings;
 - b) summarize the terms of the proposed settlement between the Receiver and the Trustee, on the one hand, and the Stewart Defendants, on the other hand (the **“Stewart Settlement”**), as set out in the settlement agreement between such parties (the **“Stewart Settlement Agreement”**);
 - c) summarize the terms of the proposed settlement between the Receiver and the Trustee, on the one hand, and the Harris Defendants, on the other hand (the **“Harris Settlement”**), as set out in the settlement agreement between such parties (the **“Harris Settlement Agreement”**);
 - d) summarize and seek approval of the fees and disbursements of KSV, as Receiver of the Receivership Companies, and the Receiver’s counsel, Bennett Jones LLP (**“Bennett Jones”**), for the periods referenced below; and
 - e) recommend that the Court issue orders, *inter alia*:
 - i) approving the Stewart Settlement and the Harris Settlement (together, the **“Settlements”**), as set out in the Stewart Settlement Agreement and the Harris Settlement Agreement (together, the **“Settlement Agreements”**), respectively;
 - ii) authorizing and directing the Receiver and the Trustee to take any and all steps necessary to give effect to the Settlements;
 - iii) approving this Report and the activities of the Receiver described herein; and
 - iv) approving the fees and disbursements of the Receiver and Bennett Jones, as set out in this Report.
2. Nothing in this Report or its enclosures is intended to constitute a waiver of any privilege. The Receiver expressly preserves all privileges, including in respect of all matters relating to the Litigation.

2. Background

1. The Davies Developers were developers of student residences, accommodations for people suffering from various forms of cognitive impairment and low-rise condominiums (collectively, the “**Projects**”, and each a “**Project**”).
2. The Davies Developers borrowed \$119.940 million, consisting of \$93.675 million in secured debt owing to the Trustee Corporations (being monies raised by the Trustee Corporations from the Investors) and \$23.675 million owing to mortgage lenders (the “**Other Lenders**”). The Receiver understands that the obligations owing to the Other Lenders rank in priority to the Trustee Corporations.
3. The funds advanced to the Davies Developers from the Trustee Corporations were to be used to purchase real property and to pay “soft costs” associated with the development of the Projects.
4. Further background to this Report is set out in the Receiver’s previous reports to Court, including, in particular, its Fourth Report, Sixth Report, Supplement to the Sixth Report, Seventeenth Report, Eighteenth Report, Nineteenth Report and Twentieth Report. All of the reports and other materials previously filed in these proceedings can be found on the Receiver’s website at: <https://www.ksvadvisory.com/experience/case/scollard-development-corporation>.

2.1 Prior Settlements

2.1.1 Settlement with Alan Harris, Erika Harris and Dachstein Holdings Inc.

1. In connection with the Initial Litigation, the Receiver contemplated further amending the Amended Statement of Claim to name additional defendants, including Dachstein Holdings Inc. (“**Dachstein**”), Alan Harris (“**A. Harris**”) and Erika Harris (“**E. Harris**”). A. Harris and E. Harris are the parents of Harris.
2. The Receiver engaged in negotiations with A. Harris, as representative for himself, E. Harris and Dachstein, regarding the claims against them by the applicable Receivership Companies, particularly regarding Dachstein’s receipt of dividends totalling \$1 million, comprised of \$250,000 from each of 555 Princess, 525 Princess, Bronson and Ross Park.
3. Those discussions and negotiations culminated in a settlement (the “**A. and E. Harris and Dachstein Settlement**”) between the Receiver and the Trustee, on the one hand, and A. Harris, E. Harris and Dachstein, on the other hand, as set out in the settlement agreement between these parties (the “**A. and E. Harris and Dachstein Settlement Agreement**”).
4. Pursuant to the A. and E. Harris and Dachstein Settlement Agreement, the Receiver and the Trustee agreed to resolve all known claims that they have against A. Harris, E. Harris and Dachstein in exchange for a payment of \$1 million, representing a return of amounts that they received from the Receivership Companies (which amount was confirmed by an investigation conducted by the Receiver and further confirmed in a series of sworn declarations provided to the Receiver and the Trustee by A. Harris, E. Harris and Dachstein).

5. On May 30, 2018, the Court approved the A. and E. Harris and Dachstein Settlement. The Receiver has been paid all amounts due and owing by A. Harris, E. Harris and Dachstein under the A. and E. Harris and Dachstein Settlement Agreement. The proceeds of this settlement were allocated equally to 555 Princess, 525 Princess, Bronson and Ross Park.

2.1.2 The Mareva Settlement with Davies, Judith and the Trusts

1. On August 30, 2017, the Court issued an order (the “**Mareva Order**”) against Davies in his personal capacity and in his capacity as trustee of the Family Trust and the Arizona Trust, Judith in her personal capacity and in her capacity as trustee of the Family Trust, Aeolian (collectively, the “**Davies Mareva Defendants**”) and Harris, solely in his capacity as trustee of the Family Trust.
2. The Mareva Order restricted the Davies Mareva Defendants and Harris, as trustee of the Family Trust, from selling their assets, including the real estate owned by the Arizona Trust located at 35410 North 66th Place, Carefree, Arizona, 85377 (the “**Arizona Real Property**”).
3. On January 19, 2018, the Davies Mareva Defendants obtained leave to appeal the Mareva Order (the “**Mareva Appeal**”).
4. In early November 2018, the Arizona Trust sold the Arizona Real Property for US\$1.65 million along with the furnishings in the Arizona Real Property for a further US\$150,000. The net proceeds generated from the sale (after payment of transaction expenses and the liens on the property) totalled US\$862,568, which amount was then reduced by virtue of Davies accessing living expenses of \$7,500 per month, as permitted pursuant to an order issued by the Court. Net of the amounts used by Davies for his living expenses, the remaining proceeds from the sale of the Arizona Real Property were US\$828,172 (the “**Proceeds**”). The Davies Mareva Defendants provided financial disclosure to the Receiver, which indicated that the Proceeds represented a significant portion of the Davies Mareva Defendants’ assets.
5. The Receiver, in consultation with the Trustee, negotiated with the Davies Mareva Defendants concerning the Mareva Order. These negotiations culminated in a settlement of the Mareva issues only (the “**Mareva Settlement**”), which was approved by the Court on May 2, 2019.
6. Pursuant to the Mareva Settlement, all the Mareva-related issues were resolved in exchange for payment of 72.5% of the Proceeds to the Receiver, with the balance paid to Davies. Accordingly, the Receiver was to receive a total of US\$584,027.69 under the Mareva Settlement (the “**Mareva Settlement Proceeds**”).
7. The Receiver has received all the Mareva Settlement Proceeds and allocated the proceeds equally across all of the Receivership Companies. The Receiver subsequently distributed approximately US\$425,000 of the Mareva Settlement Proceeds to the Trustee.
8. As required under the Mareva Settlement, the Receiver lifted the Mareva Order and the parties dismissed the Mareva Appeal on consent, subject to the condition that the Mareva Order would be immediately reinstated in the event of, among other things, any misrepresentations in the disclosure provided to the Receiver and the Trustee by the Davies Mareva Defendants in connection with the Mareva Settlement.

9. Pursuant to the Mareva Settlement, no releases were provided to any of the Davies Mareva Defendants in respect of the Litigation or otherwise. The Receiver and the Trustee preserved all of their rights to continue their claims and pursue recovery against the Davies Mareva Defendants for the matters in the Litigation and otherwise.

2.1.3 Settlement with the Singh Defendants

1. Singh was the sole director, officer and shareholder of all but two of the Trustee Corporations, and he was responsible for, among other things, administering and enforcing the SMIs on behalf of the applicable Trustee Corporations. Singh was also the principal of Tier 1 and RSCG. Tier 1 promoted and sold the SMIs to the Investors. RSCG held an indirect ownership interest in several of the Receivership Companies.
2. The Receiver's Fourth Report sets out that the Singh Defendants received a net amount of \$9.407 million from the Receivership Companies. Singh advised the Receiver that most of the monies paid to the Singh Defendants were paid to brokers who raised monies from the Investors in connection with the SMIs.
3. The Receiver and Trustee entered into a settlement agreement with the Singh Defendants (the "**Singh Settlement**"). Pursuant to the terms of the Singh Settlement, the Receiver and Trustee agreed to resolve all known claims that they have against the Singh Defendants in exchange for a payment of \$2.1 million. On November 18, 2019, the Court approved the Singh Settlement. Of the Singh Settlement proceeds, the Receiver received \$525,000, which amount was allocated equally across the Receivership Companies, and the Trustee received the balance of the proceeds.
4. Pursuant to the terms of the Singh Settlement, the Singh Defendants also agreed to cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants (as defined in the Singh Settlement).

2.1.4 Settlement with Grace

1. Grace was employed as the Vice President of Finance for Textbook Suites Inc. ("**TSI**"). TSI is not a Receivership Company. TSI is the parent company of several of the Receivership Companies, including 445 Princess, Bronson and Textbook (256 Rideau St) Inc. ("**Rideau**"). Rideau is the subject of receivership proceedings commenced by KingSett in a separate but related proceeding.
2. Grace was also formally listed as an officer (Vice President) on the corporate profile report for 445 Princess. Based on the Receiver's investigations, Grace appears to have had no other roles in respect of the other Receivership Companies and related entities. Based on the Receiver's and Trustee's review, Grace received approximately \$112,000 from TSI and Textbook Student Suites Inc. ("**TSSI**"), which are not Receivership Companies. The Receiver and Trustee did not identify any payments to Grace from the Receivership Companies.

3. Following the commencement of the Litigation, the Receiver and the Trustee engaged in negotiations with Grace. After investigations and due diligence, those negotiations culminated in a settlement between the Trustee and the Receiver, on the one hand, and Grace, on the other hand (the “**Grace Settlement**”) in accordance with the terms of a settlement agreement among such parties (the “**Grace Settlement Agreement**”). Pursuant to the terms of the Grace Settlement, in exchange for the dismissal of the Litigation as against Grace, and a release from the Receiver and the Trustee, Grace paid \$450,000 to the Trustee and the Receiver. On July 14, 2020, the Court approved the Grace Settlement. Of the Grace Settlement proceeds, the Receiver received \$135,000, which amount was allocated equally across the Receivership Companies, and the Trustee received the balance of the proceeds.
4. Pursuant to the terms of the Grace Settlement Agreement, Grace also agreed to cooperate with the Trustee and the Receiver in relation to their claims and the proceedings against the Non-Settling Defendants (as defined in the Grace Settlement Agreement).

2.1.5 Settlement with the Elliott Defendants

1. Elliott is a licensed Ontario lawyer in private practice and the principal and sole director of Elliott Co. Elliott Co. is a professional corporation incorporated under the laws of Ontario. The Elliott Defendants specialize in Canadian immigration law, providing immigration and related legal services to individual and corporate clients.
2. The Elliott Defendants acted as the solicitors for the Trustee Corporations,⁴ including in connection with the Loan Agreements. Although under the applicable Loan Agreements, the “Lender’s Solicitors” are defined to mean Elliott, at or around the time the funds were advanced by the applicable Trustee Corporations to the applicable Receivership Companies, Elliott delegated substantially all of her duties to Harris LLP, the borrower’s solicitors.
3. The Receivership Companies paid approximately \$354,000 in fees to the Elliott Defendants for legal services purportedly rendered by them to the applicable Trustee Corporations in connection with the Loan Agreements. However, in connection with its review of the Receivership Companies’ records, the Receiver did not uncover any records that indicate that the Elliott Defendants intentionally or knowingly orchestrated or facilitated the SMI scheme, and the Elliott Defendants also advised that they had no knowledge of any of the alleged unlawful conduct relating to the SMI scheme.
4. Following the commencement of the Litigation, the Receiver and the Trustee engaged in negotiations with the Elliott Defendants. After investigations and due diligence, those negotiations culminated in a settlement between the Trustee and the Receiver, on the one hand, and the Elliott Defendants, on the other hand (the “**Elliott Settlement**”) in accordance with the terms of a settlement agreement among such parties (the “**Elliott Settlement Agreement**”).

⁴ In addition to the Trustee Corporations that advanced funds to the Receivership Companies, the Elliott Defendants also provided services to other trustee corporations subject to the Trustee Appointment Order. The Trustee also settled those claims as part of the Elliott Settlement Agreement.

5. The Elliott Settlement Agreement provided for a no costs dismissal of the Litigation as against the Elliott Defendants, as well as an exchange of full and final mutual releases between the Receiver and the Trustee, on the one hand, and the Elliott Defendants, on the other hand. In exchange for the dismissal of the Litigation as against the Elliott Defendants, and the release from the Receiver and the Trustee, the Elliott Defendants agreed to pay \$680,000 (the “**Guaranteed Settlement Funds**”) and fifty percent (50%) of any amounts remaining under a LAWPRO policy of insurance with limits of \$1,000,000 (the “**Elliott Policy**”) after resolution of two ongoing investor actions against the Elliott Defendants (the “**Contingent Settlement Funds**”).
6. The Elliott Settlement Agreement was approved by the Court on May 13, 2021. As the Trustee, on behalf of the Trustee Corporations, is the only plaintiff to the Litigation to have asserted claims against the Elliott Defendants, the Trustee received the entirety of the Guaranteed Settlement Funds. Following the resolution of the aforementioned investor actions against the Elliott Defendants, no amounts remained under the Elliott Policy. Accordingly, the Trustee did not receive the Contingent Settlement Funds.
7. Pursuant to the terms of the Elliott Settlement Agreement, the Elliott Defendants also agreed to cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants (as defined in the Elliott Settlement Agreement).

2.1.6 Settlement with Arsenault

1. Arsenault carries on business as an architect through Arsenault Architect Inc. (“**Arsenault Inc.**”). Arsenault Inc. was retained by Davies to provide certain architectural services for the Project to be undertaken by McMurray. Arsenault was also listed as an officer of McMurray on its corporate profile report, and D. Arsenault Holdings Inc., Arsenault’s holding company, was listed as a shareholder of McMurray on its corporate share register. Arsenault was named as a defendant in the Litigation on the basis of him being an officer of McMurray.
2. Following the commencement of the Litigation, Arsenault delivered an affidavit of documents and all Schedule “A” productions. He was also examined for discovery by the Receiver and the Trustee. On discovery, Arsenault testified that he was never asked nor agreed to be an officer of McMurray despite him being listed as such on the corporate profile report for McMurray. Arsenault’s position in this regard is supported by the documentary record. After Arsenault’s examination for discovery and following further investigations and due diligence by the Receiver and the Trustee, the Receiver and the Trustee engaged in negotiations with Arsenault. Those negotiations culminated in a settlement between the Trustee and the Receiver, on the one hand, and Arsenault, on the other hand (the “**Arsenault Settlement**”) in accordance with the terms of a settlement agreement among such parties (the “**Arsenault Settlement Agreement**”).
3. The Arsenault Settlement Agreement provided for a no costs dismissal of the Litigation as against Arsenault, as well as an exchange of full and final mutual releases between the Receiver and the Trustee, on the one hand, and Arsenault, on the other hand. Pursuant to the terms of the Arsenault Settlement, Arsenault paid \$50,000 to the Trustee and the Receiver. Arsenault also agreed to cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants (as defined in the Arsenault Settlement Agreement).

4. The Arsenault Settlement Agreement was approved by the Court on April 21, 2023.

2.1.7 Settlement with Cane

1. Cane is an appraiser of real property, with over forty years of experience, who focuses on the valuation of commercial real estate on behalf of developers, mortgage lenders and others. Cane is a member of the Appraisal Institute of Canada, a Professional Land Economist from the Association of Ontario Land Economists, and a retired member of the Royal Institution of Chartered Surveyors. Cane acted as the appraiser for each of the Receivership Companies in respect of their real property and Projects.
2. To support the amounts raised by way of the SMLs, the Receivership Companies and certain of the Development Companies (as defined in the Fourth Amended Statement of Claim) retained Cane as an appraiser to provide estimated hypothetical market values of the applicable real property, assuming it could be developed. The appraisals prepared by Cane were based on several assumptions, including that all necessary planning approvals would be obtained in a timely manner and that the development would likewise be commenced and completed in a timely manner.
3. Following the commencement of the Litigation, Cane delivered an affidavit of documents and all Schedule “A” productions. He was also examined for discovery by the Receiver and the Trustee. After Cane’s examination for discovery and following further investigations and due diligence by the Receiver and the Trustee, the Receiver and the Trustee engaged in negotiations with Cane. Those negotiations culminated in a settlement between the Trustee and the Receiver, on the one hand, and Cane, on the other hand (the “**Cane Settlement**”) in accordance with the terms of a settlement agreement among such parties (the “**Cane Settlement Agreement**”).
4. Pursuant to the Cane Settlement Agreement, Cane agreed to pay \$1.5 million to the Trustee and the Receiver, and provided a declaration confirming that his personal assets, outside of his personal residence, have a value less than \$1 million. The Cane Settlement Agreement represented virtually the full value of the available insurance coverage under his \$2 million policy, which was partially eroded by defence costs incurred to the date of the Cane Settlement and which otherwise would have been substantially further eroded by defence costs absent a settlement.
5. The Cane Settlement Agreement provided for a no costs dismissal of the action as against Cane, as well as an exchange of full and final mutual releases between the Receiver and the Trustee, on the one hand, and Cane, on the other hand. Pursuant to the terms of the Cane Settlement Agreement, Cane also agreed to cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants (as defined in the Cane Settlement Agreement).
6. The Cane Settlement Agreement was approved by the Court on April 21, 2023.

2.1.8 Settlement with the Thompson Defendants

1. Thompson was a director and officer of certain of the Receivership Companies, including 525 Princess, 555 Princess, 445 Princess, Bronson and Ross Park. He was also a director and officer of TSI and TSSI.

2. Thompson's holding company, Thompson Co., of which Thompson is the sole officer and director, was an indirect shareholder of certain Receivership Companies. Namely, Thompson Co. was a shareholder of TSI and TSSI, which are shareholders of 525 Princess, 555 Princess, 445 Princess, Bronson and Ross Park.
3. Based on the Receiver's and Trustee's review, the Thompson Defendants received approximately \$1.947 million from the Davies Developers, comprised of a total of \$1 million in dividends from 525 Princess, 555 Princess, Bronson and Ross Park (\$250,000 from each entity) and \$947,000 in management fees from 525 Princess, 555 Princess, 445 Princess and Ross Park.
4. Following the commencement of the Litigation, the Thompson Defendants delivered an affidavit of documents and all Schedule "A" productions. Thompson was also examined for discovery (in his personal capacity and in his capacity as a representative of Thompson Co.) by the Receiver and the Trustee. After Thompson's examination for discovery and following further investigations and due diligence by the Receiver and the Trustee, the Receiver and the Trustee engaged in negotiations with the Thompson Defendants. Those negotiations culminated in a settlement between the Trustee and the Receiver, on the one hand, and the Thompson Defendants, on the other hand (the "**Thompson Settlement**") in accordance with the terms of a settlement agreement among such parties (the "**Thompson Settlement Agreement**").
5. Pursuant to the Thompson Settlement Agreement, the Thompson Defendants agreed to pay \$3.5 million to the Trustee and the Receiver, and provided a declaration confirming that, among other things, all of the assets held by the Thompson Defendants, outside of Thompson's personal residence, have a value less than \$1 million. The Thompson Settlement Agreement represented a sizeable recovery on the available insurance proceeds under Thompson's \$5 million insurance policy, which was already substantially eroded by defence costs incurred to the date of the Thompson Defendants' settlement and which otherwise would have been substantially further eroded by defence costs absent a settlement.
6. The Thompson Settlement Agreement provided for a no costs dismissal of the action as against the Thompson Defendants, as well as an exchange of full and final mutual releases between the Receiver and the Trustee, on the one hand, and the Thompson Defendants, on the other hand. Pursuant to the terms of the Thompson Settlement Agreement, Thompson also agreed to cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants (as defined in the Thompson Settlement Agreement).
7. The Thompson Settlement Agreement was approved by the Court on April 21, 2023.
8. A copy of the Court's Order and related Endorsement approving the Arsenault Settlement Agreement, the Cane Settlement Agreement and the Thompson Settlement Agreement are collectively attached as **Appendix "D"**.

3. The Additional Settling Defendants

1. Since the approval of the Arsenault Settlement Agreement, the Cane Settlement Agreement and the Thompson Settlement Agreement, and the filing of the Receiver's Twenty-Second Report to Court, the Receiver and the Trustee have negotiated and entered into the Settlements on the terms of the Settlement Agreements, following negotiations both in advance of and during a full-day judicial mediation before the Honourable Justice Conway on March 5, 2025 (the "**Judicial Mediation**").
2. The Settlements and the Settlement Agreements, which have been disclosed to the Non-Settling Defendants, are discussed below. Each of the Settlements remains subject to Court approval.

3.1 The Stewart Defendants

1. Stewart, at all material times, was a founder and directing mind of Memory Care Investments Ltd. ("**MCIL**"), which is a shareholder of Kitchener, Oakville and Memory Care Investments Burlington Ltd. (the sole shareholder of Burlington), and associated with certain Receivership Companies. He previously held an indirect ownership interest in MCIL and Legacy Lane through his holding company, Stewart Co., of which Stewart is the sole officer and director. Stewart was also formerly a director and/or officer of certain Receivership Companies, including Legacy Lane, Kitchener, Burlington and Oakville. Stewart resigned from these Receivership Companies amidst ongoing concerns he had with Davies' conduct in managing their financial affairs.
2. The claims against the Stewart Defendants are set out in the Fourth Amended Statement of Claim. They include a claim for a constructive trust and/or damages in the amount of \$30 million for unjust enrichment, and as against Stewart, breach of fiduciary duty, knowing assistance in breach of fiduciary duty and negligence arising from allegations that Stewart, among other things:
 - a) failed to act in the manner that was required of him as a director and/or officer of Legacy Lane, Kitchener, Burlington and Oakville, including to act honestly and in good faith with a view to their best interests;
 - b) was grossly negligent in the performance of his duties as a director and/or officer of Legacy Lane, Kitchener, Burlington and Oakville;
 - c) routinely allowed the Receivership Companies to improperly transfer monies between entities and to affiliates, contrary to the Loan Agreements and his own legal and contractual obligations;
 - d) allowed Legacy Lane, Kitchener, Burlington and Oakville to transfer \$1.487 million to Stewart Co., purportedly in respect of development management fees that were prohibited by the Loan Agreements and unreasonable, particularly given that (i) such Receivership Companies never entered into any management agreements with Stewart Co. and (ii) the Receivership Companies from which such funds were advanced had achieved very limited progress on their respective Projects;
 - e) treated the Receivership Companies as his own personal fiefdom, without due regard for transparency, disclosure, the avoidance of self-dealing and conflicts of interest, or corporate separateness, among other things; and

- f) allowed the Davies Defendants to defraud the Receivership Companies, while enriching himself and parties related to him at the expense of the Receivership Companies and their creditors, including the Trustee Corporations.

3.2 The Proposed Settlement with the Stewart Defendants

1. Following the commencement of the Litigation, the Stewart Defendants delivered an affidavit of documents and all Schedule “A” productions. Stewart was also examined for discovery over several days (in his personal capacity and in his capacity as a representative of Stewart Co.) by the Receiver and the Trustee. The Stewart Defendants also delivered answers to undertakings arising from Stewart’s examination for discovery and made further documentary productions following his examination. After such time, and following further investigations and due diligence by the Receiver and the Trustee, the Receiver and the Trustee engaged in negotiations with the Stewart Defendants. Stewart is insured under four different policies underwritten by AIG Insurance Company of Canada (collectively, the “**Policies**”), with limits of \$3 million each, for total available coverage of \$12 million. The negotiations with the Stewart Defendants, which preceded and then continued at the Judicial Mediation, culminated in the Stewart Settlement between the Trustee and the Receiver, on the one hand, and the Stewart Defendants, on the other, which was formalized in the Stewart Settlement Agreement. The Stewart Settlement Agreement is subject only to Court approval. A copy of the Stewart Settlement Agreement, absent the Stewart Declaration (as defined below), is attached as **Appendix “E”**.
2. The Stewart Settlement Agreement contemplates a no costs dismissal of the Litigation as against the Stewart Defendants, as well as an exchange of full and final mutual releases between the Receiver and the Trustee, on the one hand, and the Stewart Defendants, on the other hand.
3. In exchange for the dismissal of the Litigation as against the Stewart Defendants, and the release from the Receiver and the Trustee, the Stewart Defendants have agreed to pay \$7 million to the Receiver and the Trustee, representing a material recovery on the available insurance proceeds under the Policies. In connection with the Stewart Settlement Agreement, the Stewart Defendants have provided the Trustee and the Receiver with a declaration confirming that, among other things, all of the assets held by the Stewart Defendants, outside of Stewart’s personal residence, have a value less than \$1 million (the “**Stewart Declaration**”).
4. Pursuant to the Stewart Settlement Agreement, all of the Receiver’s and the Trustee’s claims, rights and remedies as against all of the Non-Settling Defendants in the Litigation and otherwise are preserved. If the Court awards Monetary Relief (as defined in the Stewart Settlement Agreement) to the Receiver or the Trustee against the Non-Settling Defendants and finds that the Non-Settling Defendants have the right to pass any liability for such relief on to the Stewart Defendants, the Trustee and the Receiver have agreed to waive their right to recover such Monetary Relief (as defined in the Stewart Settlement Agreement) with respect to such portion attributable to the Stewart Defendants. Additionally, the Stewart Settlement includes a bar order with respect to the potential exposure of the Non-Settling Defendants to claims of joint responsibility with the Stewart Defendants, thereby leaving the Non-Settling Defendants responsible only for the losses they are proved to have caused.

5. Under the terms of the Stewart Settlement Agreement, the Stewart Defendants will also cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants. The Stewart Defendants have already made production in the Litigation of an affidavit of documents and the relevant non-privileged documents and records in respect of which the Stewart Defendants have possession, power and/or control, including records relating to Stewart's available insurance coverage. Stewart was also examined for discovery over several days prior to the Stewart Settlement being negotiated and the Stewart Settlement Agreement being agreed to.
6. In agreeing to resolve the Litigation pursuant to the terms of the Stewart Settlement Agreement, the Stewart Defendants continue to deny any liability to the Trustee and the Receiver, and no findings of liability to the Trustee and the Receiver against the Stewart Defendants have been made by the Court. The Stewart Settlement Agreement makes clear that it shall not in any way be construed as an admission of liability by any party thereto.

3.3 The Harris Defendants

1. Harris is a licensed Ontario lawyer in private practice and a partner at Harris LLP. Harris LLP is an Ontario limited liability partnership of lawyers that carries on business from an office located in Mississauga, Ontario. Harris was also a trustee and/or representative of the Family Trust, together with Davies and Judith.
2. The Harris Defendants were, at all material times, legal counsel to each of the Development Companies except for Vaughan Crossings Inc. ("**Vaughan Crossings**") and Silver Seven Corporate Centre Inc. ("**Silver Seven**"), neither of which is a Receivership Company, and legal counsel to all the Trustee Corporations. The Harris Defendants fulfilled dual roles by acting for the Development Companies as borrowers of SMI funds and the Trustee Corporations as lenders of SMI funds, concurrently.
3. The Development Companies improperly paid over \$3.1 million in fees to the Harris Defendants for legal services purportedly rendered by them in connection with the Projects, of which approximately \$2.4 million was paid by the Receivership Companies, notwithstanding that the Loan Agreements provide a combined estimate for Harris LLP's fees in an amount well-below that. Pursuant to the Loan Agreements, Harris was to charge fees ranging from \$25,000 to \$35,000 on the first advance under a Loan Agreement and \$15,000 to \$20,000 on subsequent advances.
4. The claims against the Harris Defendants are set out in the Fourth Amended Statement of Claim. They include a claim for damages in the amount of \$106 million for negligence, breach of contract, breach of fiduciary duty and knowing assistance in breach of fiduciary duty, arising from allegations that the Harris Defendants, among other things:
 - a) entered into delegation agreements and/or other formal arrangements with Elliott pursuant to which the Harris Defendants acted for both the borrowers and the lenders in connection with certain aspects of the various loan transactions;

- b) acted for both the Development Companies as borrowers and the Trustee Corporations as lenders, in a conflict of interest, in connection with certain or all aspects of the SMI loan transactions and the ongoing relationship between these Development Companies and the Trustee Corporations, while simultaneously providing ongoing advice to both the applicable Development Companies and Trustee Corporations;
 - c) failed to recognize when potential conflicts of interest ripened into actual conflicts or, in the alternative, failed to take steps to appropriately avoid or resolve those conflicts;
 - d) failed to recognize inaccuracies and materially misleading information in marketing material being used in connection with the SMI offerings and/or having recognized such inaccuracies and/or materially misleading information, failed to take any adequate steps to correct the information and/or ensure that representations regarding the Trustee Corporations, the applicable Development Companies and their affairs were true and accurate;
 - e) failed to prevent and, in fact, facilitated, suggested and/or directed that intercompany loans be made by certain Receivership Companies to other Receivership Companies in order to fund ongoing interest payment obligations and/or other costs and liabilities;
 - f) disbursed and/or facilitated the disbursement of interest payments to the SMI lenders in respect of one Receivership Company with funds obtained from another Receivership Company, while failing to recognize that this was inappropriate and/or contrary to the representations made to investors and the covenants given to the Trustee Corporations;
 - g) acted, and continued to act, for all of the Development Companies (other than Vaughan Crossings and Silver Seven) notwithstanding the emergence of diverging and conflicting interests between and among them; and
 - h) failed to make the requisite inquiries regarding the highly unusual and inappropriate business practices of the Development Companies, the Trustee Corporations and others.
5. Harris is currently subject to an investigation by the Law Society of Ontario (the “**LSO**”), which investigation was initiated following the commencement of the Litigation. The LSO’s allegations against Harris as set out in its Notice of Application filed on April 17, 2024, mirror the allegations set out in the Fourth Amended Statement of Claim and are based on the same professional misconduct that forms the basis of the claims against the Harris Defendants in the Litigation.

3.4 The Proposed Settlement with the Harris Defendants

1. Following the commencement of the Litigation, the Harris Defendants delivered an affidavit of documents and all Schedule “A” productions. Harris was also examined for discovery over several days (in his personal capacity and in his capacity as a representative of Harris LLP) by the Receiver and the Trustee. The Harris Defendants also delivered answers to undertakings arising from Harris’ examination for discovery, and made further documentary productions following his examination. After such time, and following further investigations and due diligence by the Receiver and the Trustee,

the Receiver and the Trustee engaged in negotiations with the Harris Defendants. The Harris Defendants are the named insureds under LAWPRO primary and excess policies of insurance (collectively, the “**Policy**”). As of July 15, 2025, the sum available under the Policy was \$2,432,740.38. The negotiations with the Harris Defendants, which preceded and then continued at the Judicial Mediation, culminated in the Harris Settlement between the Trustee and the Receiver, on the one hand, and Harris Defendants, on the other, which was formalized in the Harris Settlement Agreement. The Harris Settlement Agreement is subject only to Court approval. A copy of the Harris Settlement Agreement, absent the Harris Declarations (as defined below), is attached as **Appendix “F”**.

2. The Harris Settlement Agreement contemplates a no costs dismissal of the Litigation as against the Harris Defendants, as well as an exchange of full and final mutual releases between the Receiver and the Trustee, on the one hand, and the Harris Defendants, on the other hand.
3. In exchange for the dismissal of the Litigation as against the Harris Defendants, and the release from the Receiver and the Trustee, the Harris Defendants have agreed to pay \$2.43 million (being the full sum available under the Policy) to the Receiver and the Trustee, and Harris LLP has further agreed to pay \$100,000 to the Receiver and the Trustee in equal instalments of \$8,333.33 over a period of twelve months commencing forthwith following Court approval of the Harris Settlement (the “**Contributed Settlement Funds**”), subject to the limitation that if Harris’ license to practice law is suspended or revoked, no further payments in respect of the Contributed Settlement Funds will be made during the period of suspension or after the date of the revocation.
4. In connection with the Harris Settlement Agreement, the Harris Defendants have provided the Trustee and the Receiver with detailed statutory declarations attesting to their financial assets and liabilities (the “**Harris Declarations**”). The Receiver is reasonably satisfied that the Harris Defendants have disclosed all their assets and that there are no assets of material value against which the Receiver and Trustee could otherwise enforce judgment. However, in the event that the Trustee and/or the Receiver believe there was a material misrepresentation in the Harris Declarations, the Trustee and/or the Receiver may seek a determination from the Court regarding such misrepresentation. In the event the Court determines that there was a material misrepresentation in the Harris Declarations, the release will be immediately revocable at the option of the Trustee and the Receiver without any obligation to repay the Settlement Funds (as defined in the Harris Settlement Agreement).
5. Pursuant to the Harris Settlement Agreement, all of the Receiver’s and the Trustee’s claims, rights and remedies as against all of the Non-Settling Defendants in the Litigation and otherwise are preserved. If the Court awards Monetary Relief (as defined in the Harris Settlement Agreement) to the Receiver or the Trustee against the Non-Settling Defendants and finds that the Non-Settling Defendants have the right to pass any liability for such relief on to the Harris Defendants, the Trustee and the Receiver have agreed to waive their right to recover such Monetary Relief (as defined in the Harris Settlement Agreement) with respect to such portion attributable to the Harris Defendants. Additionally, the Harris Settlement includes a bar order with respect to the potential exposure of the Non-Settling Defendants to claims of joint responsibility with the Harris Defendants, thereby leaving the Non-Settling Defendants responsible only for the losses they are proved to have caused.

6. Under the terms of the Harris Settlement Agreement, the Harris Defendants will also cooperate with the Trustee and the Receiver in relation to their claims and proceedings against the Non-Settling Defendants. The Harris Defendants have already made production in the Litigation of an affidavit of documents and the relevant non-privileged documents and records in respect of which the Harris Defendants have possession, power and/or control, including records relating to their available insurance coverage. Harris was also examined for discovery over several days prior to the Harris Settlement being negotiated and the Harris Settlement Agreement being agreed to.
7. In agreeing to resolve the Litigation pursuant to the terms of the Harris Settlement Agreement, the Harris Defendants continue to deny any liability to the Trustee and the Receiver, and no findings of liability to the Trustee and the Receiver against the Harris Defendants have been made by the Court. The Harris Settlement Agreement makes clear that it shall not in any way be construed as an admission of liability by any party thereto.

3.5 Recommendation

1. The Receiver recommends that the Court issue an order approving the Settlements, as set out in the Settlement Agreements, for the following reasons:
 - a) the Settlements will generate proceeds of \$9.43 million in the aggregate, which proceeds are largely coming from Stewart's and the Harris Defendants' respective policies of insurance which, in the case of the Harris Defendants, would otherwise be substantially (and potentially fully) eroded by the Harris Defendants' ongoing defence costs in the Litigation;
 - b) Harris LLP will be making a personal contribution under the Harris Settlement (by way of the Contributed Settlement Funds);
 - c) the Settlements avoid protracted, complex and costly litigation with the Stewart Defendants and Harris Defendants in respect of the settled matters. Pursuant to the Settlement Agreements, all the claims the Receiver and Trustee have as against the Stewart Defendants and the Harris Defendants will be fully and finally resolved. The Settlements therefore provide a degree of certainty regarding the costs, benefits, and timing that cannot be expeditiously achieved otherwise;
 - d) the payments to be made pursuant to the Settlements represent significant recoveries under Stewart's and the Harris Defendants' respective policies of insurance having regard to available limits, and all of the other circumstances, and based on the Stewart Declaration and the Harris Declaration (the contents of which are confidential), the Receiver and the Trustee are satisfied that Stewart's and the Harris Defendants' respective policies of insurance represent the only material source of recovery against such defendants to the Litigation;
 - e) the Settlements allow the Receiver and the Trustee to focus on the few remaining actors in the SMI scheme in the Litigation – namely, the Davies Defendants, as well as Jude Cassimy and First Commonwealth Mortgage Corporation (both of whom have previously been noted in default) – which will increase the efficiency and efficacy with which the Litigation may be advanced, thereby resulting in further costs savings, timing efficiencies and benefits. Once the litigation against these few remaining defendants is resolved, the Litigation will be complete, and the Receivership Proceedings can be concluded. The Settlements therefore

assist with facilitating not just the completion of the Litigation but also the broader Receivership Proceedings.

- f) pursuant to the Settlement Agreements, the Stewart Defendants and the Harris Defendants will be providing the Receiver and the Trustee with cooperation in connection with the Litigation;
- g) the Settlements make clear that the Non-Settling Defendants, of which, as referenced above, there are only a few remaining, will only be liable for their proportionate share of the losses and contemplate a bar order with respect to their potential exposure to claims of joint responsibility with the Stewart Defendants and the Harris Defendants, thereby leaving the Non-Settling Defendants responsible only for the losses they can be proved to have caused;
- h) the Stewart Defendants and the Harris Defendants will each provide the Receiver and the Trustee with a broad full and final release of all claims they may have against the Receivership Companies and the Trustee Corporations, providing a further degree of certainty and closure with respect to any disputes as between such parties;
- i) the Settlement Agreements are fair and reasonable in the circumstances as the Receiver believes that they represent a commercially reasonable compromise in respect of the claims against the Stewart Defendants and the Harris Defendants and are in the best interests of the Receivership Companies, the Trustee Corporations and their respective stakeholders;
- j) the terms of the Settlement Agreements, including their respective financial terms, have been disclosed to the Non-Settling Defendants;
- k) the non-financial terms of the Settlement Agreements are materially similar to those previously approved by the Court in these proceedings and the Litigation, including in the Singh Settlement Agreement, the Grace Settlement Agreement, the Elliott Settlement Agreement, the Arsenault Settlement Agreement, the Cane Settlement Agreement, and the Thompson Settlement Agreement;
- l) the Stewart Defendants and the Harris Defendants have already made production in the Litigation of affidavits of documents and the relevant non-privileged documents and records in respect of which such defendants have possession, power and/or control, and they have been examined for discovery over the course of multiple days;
- m) the Settlement Agreements were entered into after extensive litigation process, investigation, due diligence, and negotiation by the Trustee and the Receiver, and with the assistance of the Court during the Judicial Mediation that was attended by the Stewart Defendants, the Harris Defendants, the Davies Defendants, the Trustee and the Receiver; and
- n) the Trustee has performed its own procedures and undertaken its own due diligence to consider the reasonableness of each of the Settlements and has reached conclusions similar to those of the Receiver. The Trustee has agreed to each of the Settlement Agreements and is also seeking an order of the Court approving them. The Trustee has filed a separate report to Court recommending that the Court approve the Settlements.

4. Activities

1. Since the commencement of these proceedings, the Receiver has sought and obtained approval of its previous twenty-two reports to Court, as well as numerous supplements thereto, and the activities described therein. These activities included, among others:
 - a) reviewing the Trustee's various reports to Court and other motion materials filed in these proceedings;
 - b) negotiating funding from The Marshall Zehr Group Inc. and Downing Street Financial Inc. to repay various first mortgages on certain projects and to fund the costs of the related receiverships;
 - c) reviewing background information regarding all of the Projects, including development plans, sales information, environmental information, appraisals and financial information;
 - d) corresponding with Chaitons LLP, representative counsel to the Investors;
 - e) corresponding directly with the Investors;
 - f) responding to calls from real estate agents and prospective purchasers in connection with the seven projects sold by the Receiver (the "**Receivership Projects**");
 - g) reviewing marketing materials in connection with the Receivership Projects, including teasers and confidential information memoranda;
 - h) preparing asset purchase agreements for the Receivership Projects for the purpose of each sale process for the Receivership Projects;
 - i) negotiating sale transactions for each of the Receivership Projects and monetizing each of the Receivership Projects;
 - j) dealing with the mortgagees on each of the Projects and repaying in full the amounts owing to them under their mortgages from the sale proceeds generated for each of the Receivership Projects;
 - k) arranging for the return of deposits to the purchasers on the Scollard property and coordinating a deposit return protocol with counsel to the surety;
 - l) conducting an extensive financial review and analysis of the Receivership Companies' bank statements and other financial records and preparing schedules of receipts and disbursements;
 - m) preparing reports and information required to obtain the Mareva Order and dealing extensively with the matters relating to the Mareva Order;
 - n) dealing with the sale of Davies' personal residence, including corresponding with legal counsel to Moskowitz Capital Mortgage Fund II Inc., the first mortgagee on the property;

- o) corresponding with Dentons LLP, then counsel to Davies, regarding the Mareva Order and matters related thereto;
 - p) preparing a summary of Aeolian's receipts and disbursements;
 - q) preparing for and attending numerous examinations for discovery of the defendants to the Litigation;
 - r) preparing for and being examined for discovery as a plaintiff in the Litigation;
 - s) preparing for and attending the examination for discovery of the Trustee's representative as plaintiff in the Litigation;
 - t) answering undertakings and attending to matters arising from and following examinations for discovery;
 - u) reviewing, commenting on and negotiating all settlement materials, including the A. and E. Harris and Dachstein Settlement, the Mareva Settlement, the Singh Settlement, the Grace Settlement, the Elliott Settlement, the Arsenault Settlement, the Cane Settlement and the Thompson Settlement;
 - v) corresponding with Canada Revenue Agency, as required throughout these proceedings;
 - w) preparing for and attending Court for case conferences, motions and other appearances in these proceedings;
 - x) maintaining and updating the Receiver's case website; and
 - y) preparing twenty-two reports to Court and numerous supplements thereto, and submitting reports required by the Office of the Superintendent of Bankruptcy.
2. Since the filing of the Receiver's Twenty-Second Report, the Receiver has continued to diligently advance these proceedings and the Litigation in the interests of the Receivership Companies and their stakeholders. The Receiver's activities in this regard are detailed in the various invoices attached to the Receiver's Fee Affidavit (as defined below), and include, among others:
- a) reviewing the answers to undertakings and supplementary productions of the defendants to the Litigation;
 - b) obtaining Court approval of the Arsenault Settlement, the Cane Settlement and the Thompson Settlement, and attending to all matters relating thereto, including the implementation of those settlements;
 - c) preparing for and attending case conferences in connection with the Litigation;
 - d) engaging in settlement negotiations with remaining defendants;
 - e) preparing for and attending the Judicial Mediation;
 - f) reviewing, commenting on and negotiating the Settlements;

- g) negotiating and entering into the Settlement Agreements, and reviewing and commenting on all materials relating thereto;
- h) continuing discussions with the Non-Settling Defendants about the go-forward Litigation;
- i) attending to all matters relating to the Litigation;
- j) continuing to liaise with the Receivership Companies' stakeholders and corresponding directly with the Investors;
- k) reviewing confidential and privileged material prepared by Bennett Jones relating to the Litigation and these proceedings;
- l) reviewing and assessing Davies' and Judith's quarterly reporting packages, as required in the context of the Mareva Settlement;
- m) reviewing and commenting on the Court materials filed in these proceedings;
- n) completing and submitting statutory reports required by the *Office of the Superintendent of Bankruptcy*;
- o) maintaining and updating the Receiver's case website;
- p) preparing monthly harmonized sales tax returns;
- q) working with Bennett Jones to prepare this Report and the additional materials filed in connection with the approval of the Settlement Agreements;
- r) consulting with the Trustee and its counsel, Aird & Berlis LLP, concerning all matters in these proceedings and the Litigation; and
- s) attending to other matters relating to these proceedings.

5. Professional Fees

1. A summary of the professional fees, disbursements and hourly rates of the Receiver and Bennett Jones for the Receivership Companies is provided below.

KSV		(\$)			
Entity	Period	Fees	Disbursements	Total	Average Hourly Rate
Scollard	03/01/23 to 07/31/25	13,804.05	0.00	13,804.05	489.85
555 Princess	03/01/23 to 07/31/25	14,608.80	0.00	14,608.80	477.72
525 Princess	03/01/23 to 07/31/25	16,509.55	0.00	16,509.55	469.29
Oakville	03/01/23 to 07/31/25	14,472.05	0.00	14,472.05	481.92
Legacy Lane	03/01/23 to 07/31/25	12,895.05	0.00	12,895.05	543.41
445 Princess	03/01/23 to 07/31/25	14,535.05	0.00	14,535.05	470.39
Burlington	03/01/23 to 07/31/25	14,239.05	0.00	14,239.05	478.62
Bronson	03/01/23 to 07/31/25	14,396.55	0.00	14,396.55	485.22
Ross Park	03/01/23 to 07/31/25	14,384.30	0.00	14,384.30	489.59
McMurray	03/01/23 to 07/31/25	13,747.55	0.00	13,747.55	518.97
Kitchener	03/01/23 to 07/31/25	14,607.05	0.00	14,607.05	476.89
Total		158,199.05	0.00	158,199.05	

Bennett Jones		(\$)			Average Hourly Rate
Entity	Period	Fees	Disbursements	Total	
Scollard	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
555 Princess	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
525 Princess	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Oakville	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Legacy Lane	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
445 Princess	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Burlington	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Bronson	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Ross Park	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
McMurray	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Kitchener	03/01/23 to 06/30/25	32,094.26	197.35	32,291.61	725.79
Total		353,036.86	2,170.85	355,207.71	

- Detailed invoices (redacted for privileged and confidential information) are provided in the affidavits filed by representatives of the Receiver (the “**Receiver’s Fee Affidavit**”) and Bennett Jones, which are provided in **Appendices “G” and “H”**, respectively.
- A significant portion of the activities performed by the Receiver and its counsel are of a general nature, and are not specifically allocable to a project, including time related to the investigation of matters generally relating to the Receivership Companies and the Litigation. The Receiver and its counsel have allocated such time evenly across the relevant Receivership Companies.
- The Receiver is of the view that the hourly rates charged by Bennett Jones are consistent with the rates charged by large corporate law firms practicing in the area of insolvency and restructuring in the Toronto market, and that Bennett Jones’ billings reflect work performed consistent with the Receiver’s instructions. Further, the Receiver is of the view that the fees charged by Bennett Jones and the Receiver are fair and reasonable in the circumstances, given, among other things, the complexity of these proceedings and the Litigation, as well as the time spent, the responsibilities assumed, and results achieved by the Receiver and Bennett Jones.

6. Conclusion and Recommendation

- Based on the foregoing, the Receiver respectfully recommends that this Court grant the relief detailed in Section 1.3(1)(e) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER OF
CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE
INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD.,
1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS
STREET) INC., TEXTBOOK (555 PRINCESS STREET) INC., TEXTBOOK (445 PRINCESS
STREET) INC., TEXTBOOK ROSS PARK INC., TEXTBOOK (774 BRONSON AVENUE) INC.
AND MCMURRAY STREET INVESTMENTS INC.**