

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

**CAMERON STEPHENS MORTGAGE CAPITAL LTD.**

Applicant

- and -

**2011836 ONTARIO CORP., JEFFERSON PROPERTIES LIMITED PARTNERSHIP,  
1000162801 ONTARIO CORP., AMERICAN CORPORATION  
and 1000199992 ONTARIO CORP.**

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE  
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c. B-3, AS AMENDED; AND  
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**SUPPLEMENTARY REPORT TO THE FIRST REPORT OF THE RECEIVER**

(Dated January 28, 2024)

**I. INTRODUCTION**

1. This supplementary report ("**Supplementary Report**") to the Receiver's first report to Court dated January 18, 2024 (the "**First Report**") is filed by Albert Gelman Inc. ("**AGI**"), in its capacity as receiver and manager (in such capacity, the "**Receiver**") appointed, without security, of all present and future property assets, undertakings of 2011836 Ontario Corp. ("**201Co.**") and Jefferson Properties Limited Partnership ("**JPLP**" and, together with 201Co., the "**Debtors**") including the real properties known municipally as 39, 53 and 67 Jefferson Side Road, Richmond Hill, Ontario (the "**Jefferson Properties**") (collectively, the "**Property**") by Order of the Ontario Superior Court of Justice, Commercial List (the "**Court**"), dated December 21, 2023 (the "**Appointment Order**"), made pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended ("**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O 1990, c. 43, as

amended. The application which resulted in the Appointment Order was commenced by Cameron Stephen Mortgage Capital Ltd. ("**Cameron Stephen**").

## II. SCOPE AND TERMS OF REFERENCE

2. In preparing this Supplementary Report the Receiver has obtained and relied upon certain unaudited financial information and records of the Debtors, had discussions with representatives of the Glynn Group Incorporated ("**Glynn**") and relied upon the Glynn Report (defined in the First Report).

3. While the Receiver has reviewed the various documents provided, such review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises ("**ASPE**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Receiver expresses no opinion or other form of assurance pursuant to ASPE or IFRS or otherwise with respect to such information except as expressly stated herein.

4. This Supplementary Report has been prepared for the purposes described in the First Report. Accordingly, the reader is cautioned that this Supplementary Report may not be appropriate for any other purpose.

5. Unless otherwise noted, all monetary amounts referenced herein are expressed in Canadian dollars.

6. This Supplementary Report, and all other court materials and orders issued and filed in these receivership proceedings are available on the Receiver's website at: <https://www.albertgelman.com/corporate-solutions/other-engagements/> (the "**Case Website**") and will remain available on the website for a period of six (6) months following the Receiver's discharge.

7. Any capitalized terms not defined in this Supplementary Report have the meanings ascribed to them in the First Report.

## III. EVENTS SUBSEQUENT TO FIRST REPORT

8. Since the date of the First Report, the following material events have transpired:

- a. the Receiver received recommendations from its Director of Construction, Camcos Management Inc. ("**Camcos**"), to: (i) temporarily stop all construction related activities at the Jefferson Properties until such time as a health and safety audit was completed; and, (ii) not re-new the contract of Core Constructors ("**Core**"), the existing construction manager of the Project, which contract expired on January 17, 2024 (the "**Core Contract**"). Camcos' reasons for not renewing the Core Contract are set out later in this Supplementary Report;
- b. the Receiver hired Elevate Construction Management ("**Elevate**") as its new construction manager;
- c. the Receiver temporarily stopped all construction related activities at the Jefferson Properties at approximately 5 p.m. (Toronto time) on January 24, 2024; and,

- d. on January 24, 2024 the Receiver notified Frank Servello of Core that the Receiver would not be renewing the Core Contract.

#### **IV. CONSTRUCTION MANAGER**

9. Camcos' recommendation not to re-new the Core Contract was based upon, among other things, the following:
  - a. a general lack of procedures and controls in place to properly control costs and to keep the project site in compliance with health and safety matters;
  - b. the occupancy/closing schedule being presented by Core was not realistic and could never be achieved based upon the current state of the Project;
  - c. lack of proper documentation (i.e. invoices, signed POs, contract, etc.) required to substantiate payments which Core approved and requested that the Receiver make to various trades and suppliers. In many instances, both Camcos and Glynn Group Incorporated ("**Glynn**"), chartered quantify surveyors, were unable to 'approve' payments due to missing, incomplete and/or unapproved documentation;
  - d. many suppliers and construction trades being utilized by Core were not known to Camcos or Elevate. All construction trades and suppliers are being reviewed to ensure that services or goods were properly provided. The Receiver has been made aware that certain construction trades and suppliers may have some form of direct relationship with Core. The Receiver is reviewing this matter further; and,
  - e. the compensation requested by Core to re-new and extend the Core Contract was significantly above industry standards and not commercially reasonable.
10. The Receiver, in consultation with Camcos and Cameron Stephens, made the decision to hire Elevate as the new construction manager after having reviewed Elevate's proposal and speaking with Elevate on several occasions.

#### **V. GLYNN GROUP BUDGET**

11. The Glynn Report was included as Confidential Appendix "A" to the First Report.
12. Mr. Fanshey Wang ("**Wang**") has signed a non-disclosure agreement with the Receiver and was provided a copy of the Glynn Report on a confidential basis.
13. Wang, through his prior legal counsel, contacted the Receiver enquiring why the Glynn Budget has materially increased from the previous budgets provided prior to the Appointment Date.
14. The Receiver has been advised by Glynn that prior to the appointment of the Receiver certain information and documentation, including contracts, POs and invoices, were not provided to Glynn and,

therefore, the prior Glynn reports (and Project budgets) were based upon incomplete and/or inaccurate information.

15. The Receiver has since provided Glynn with access to all contracts and other relevant documents which the Receiver downloaded from the Debtors' internal server as well as complete access to the information which Core was previously providing. As a result, the current Glynn Budget was prepared based upon all information available to the Receiver and the budget amount set out in the Glynn Report is reflective of this.

16. It is the Receiver's opinion, in consultation with Glynn and Camcos, that several of the budgeted cost amounts set out in the Glynn Report may increase as and when the full extent of the Project deficiencies and costs to complete become known to Elevate, Camcos and Glynn.

## **VI. RECEIVER'S BORROWINGS**

17. The Receiver understands that Wang will be opposing the Receiver's request to for an increase to the Receiver's Borrowings and the Receiver's Borrowings Charge at the January 29, 2024 hearing.

18. The Receiver believes the Glynn Budget to be accurate as of the date that it was prepared and has relied upon the Glynn Budget for its request for an increase to the Receiver's Borrowings and the Receiver's Borrowings Charge in the amount of \$13 million in its First Report.


19. However, as a result of the temporary shut down of construction related activities at the Jefferson Properties, the Receiver has determined, in consultation with Elevate, that the costs to be incurred by the Receiver during the next four-week period will be in the range of \$2 to \$2.5 million. Accordingly, the Receiver is now prepared to modify its request for an increase to the Receiver's Borrowings and the Receiver's Borrowings Charge to \$2.5 million (instead of \$13 million) provided the Receiver can return to Court within the next four weeks to request a further increase to the Receiver's Borrowings and the Receiver's Borrowings Charge sufficient for it to complete the Project.

20. This recommended action will allow the Receiver sufficient funds to operate the Project over the next four weeks (including by having sufficient funds to meet the invoices that may be approved for payment in consultation with Elevate and Camcos) and also afford the Receiver, Wang and any other stakeholder the opportunity to address the further funding requests in more detail.


All of which is respectfully submitted this 28th day of January 2024

**ALBERT GELMAN INC., solely in its  
capacity as Court-Appointed Receiver of each of the Debtors and the Jefferson Properties  
and not in any other capacity**

Per:

  
\_\_\_\_\_  
Bryan Gelman, *CIRP, LIT*  
Senior Managing Director

Per:

  
\_\_\_\_\_  
Tom McElroy, *CPA, CA, CBV, CIRP, LIT*  
Managing Director (Ontario)