Court File No.: CV-18-00608086-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c. S.5, AS AMENDED

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

MONEY GATE MORTGAGE INVESTMENT CORPORATION

Respondent

SUPPLEMENT TO THE SIXTH REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF THE RESPONDENTS

January 10, 2023

GrantThornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
M5H 3T4

TABLE OF CONTENTS

APPENDICES

Confidential Appendix 1 – Assignment of Security Agreement sent September 28, 2020

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B E T W E E N:

ONTARIO SECURITIES COMMISSION

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- and -

MONEY GATE MORTGAGE INVESTMENT CORPORATION

Respondent

Application under Section 129 of the *Securities Act,* R.S.O. 1990, C.S.5, as amended

SUPPLEMENT TO THE SIXTH REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF THE RESPONDENT

January 10, 2023

INTRODUCTION

1. Grant Thornton Limited is the Court-Appointed Receiver (the "**Receiver**") of Money Gate Mortgage Investment Corporation ("**MGMIC**") pursuant to an Order dated November 6, 2018. The purpose of this supplement (the "**Supplemental Report**") is to provide commentary on the efforts undertaken, by the Receiver to realize upon the MGMIC mortgage held over the Timmins Property. The Receiver has been made aware that, Berkow Youd Lev-Farrell Das LLP, legal counsel to Payam Katebian ("**Payam**"), former principal of MGMIC, has been instructed to oppose the relief sought as outlined in the Sixth Report of the Receiver dated November 22, 2022 (the "**Sixth Report**"). Specifically, the Receiver was seeking approval of a settlement agreement, which settlement contemplated, among other things, the transfer of the mortgage over the Timmins Property (the "**Timmins Mortgage**"). All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Sixth Report.

RESTRICTIONS AND TERMS OF REFERENCE

2. This Supplemental Report has been prepared for the use of this Court to provide general information and an update relating to this proceeding for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This Supplemental Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Supplemental Report contrary to the provisions of this paragraph.

3. All references to dollars are in Canadian currency unless otherwise noted.

4. Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: www.GrantThornton.ca/MoneyGate.

TIMMINS PROPERTY

5. The Timmins Property consists of six (6) parcels of vacant land, totaling approximately 195 acres, located south-west of Timmins, Ontario.

6. Canadian Land Corporation ("**CLC**") is the registered owner of the Timmins Property. At all relevant times, Wilson was the director of CLC. The Receiver understands that CLC is owned directly or indirectly by Missaghi and/or his wife, who is Troy's associate.

7. MGMIC holds a first ranking mortgage against the Timmins Property in the principal amount of $2,375,500.

8. The Timmins Mortgage matured on March 4, 2018. To determine what enforcement steps should be taken, the Receiver sought and obtained an independent appraisal of the Timmins Property in order to determine whether it will be commercially reasonable to undertake a further environmental review.

9. A copy of the independent appraisal was received on July 24, 2019, and was attached as Confidential Appendix 2 to the Receiver's Fourth Report dated April 30, 2020 (the "**Fourth Report**").

10. Since the Receiver's last report, nothing has come to the attention of the Receiver that is indicative the Timmins Property's valuation has changed materially.

11. Considering the environmental issues and the appraised value of the Timmins Property, the Receiver did not take any enforcement steps with respect to the Timmins Mortgage registered against the Timmins Property.

12. On or around July 6, 2020, Payam contacted the Receiver to advise that he had a party interested in taking an assignment of the Timmins Mortgage (the "**Interested Party**").

13. The Receiver engaged with the Interested Party for several months in 2020, agreed to terms in principal and provided the Interested Party with an assignment of security agreement on September 28, 2020 (the "**Agreement**"). A copy of the Agreement is attached hereto as **Confidential Appendix "1"**.

14. The purchase price under the Agreement was nominal to the overall value of the Timmins Mortgage. Nevertheless, the Receiver was of the view, at that time, it was the best alternative to obtain any recovery under MGMIC's mortgage against the Timmins Property.

15. However, after diligently following up several times with the Interested Party to execute the Agreement, the Receiver did not hear back from the Interested Party in 2020 or any time thereafter. The Receiver spoke to Payam several times who advised that the Interested Party decided to walk away from the opportunity.

16. Given the valuation in hand, the failed assignment agreement and no other offers, the Receiver is of the view that the relief sought in the Sixth Report is in the best interest of all stakeholders.

CONCLUSION AND RECOMMENDATION

17. The Receiver respectfully recommends that this Court make the order granting the Receiver's requested relief as set out in the Sixth Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 10th day of January 2023.

GRANT THORNTON LIMITED,
solely in its capacity as the Court-appointed receiver and manager of Money Gate Mortgage Investment Corporation and not in its personal or corporate capacity

Per: ______________________________
Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President