

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM) TUESDAY, THE 6TH
JUSTICE CONWAY) DAY OF JUNE, 2017

 IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "First Leaside")

ORDER

(Distribution, Activities and Fee Approvals)

THIS MOTION, made by Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver and manager (the "**Receiver**"), without security, of all of the assets, undertakings and properties of First Leaside, for an order:

- (a) validating and abridging the time for service of this Notice of Motion and Motion Record and directing that any further service of the Notice of Motion and Motion Record be dispensed with such that this Motion is properly returnable on June 6, 2017;
- (b) approving the activities of the Receiver as outlined in the fourth report of the Receiver dated May 25, 2017 (the "**Fourth Report**"); and
- (c) authorizing the Receiver to make certain distributions to parties having net receivable positions with respect to loans made by First Leaside Wealth Management Inc. ("**FLWM**")

- (d) authorizing the Receiver to set-off distributions owing to parties having net payable positions with respect to loans made by FLWM against such loan amounts owing to FLWM;
- (e) approving the settlement of a claim by First Leaside Mortgage Fund;
- (f) authorizing the Receiver to pay any and all distributions properly owing to John Wilson ("**Mr. Wilson**") to the Ontario Securities Commission ("**OSC**"), or such other party as the OSC may direct in writing;
- (g) amending the order of Mr. Justice Morawetz dated July 24, 2013 (the "**Initial Distribution Order**") to correct a typographical error;
- (h) approving the Receiver's interim statement of receipts and disbursements dated March 31, 2017 (the "**March R&D**");
- (i) approving the fees and disbursements of the Receiver for the period of June 1, 2013 to March 31, 2017 and of the Receiver's legal counsel, Blake Cassels & Graydon LLP ("**Blakes**"), in its capacity or general counsel to the Receiver, for the period of June 1, 2013 to March 31, 2017, Lax O'Sullivan Lisus Gottlieb ("**Lax O'Sullivan**"), in its capacity as special litigation counsel to the Receiver, for the period of June 1, 2013 to February 28, 2017, and Cassels Brock and Blackwell LLP ("**Cassels Brock**"), in its capacity as real estate counsel to the Receiver, for the period June 1, 2013 to August 12, 2013;

- (j) approving the fees and disbursements of Dentons Canada LLP (“**Dentons**”) for the period June 5, 2013 to February 25, 2014 and of Cassels Brock from March 14, 2014 to March 31, 2017, in their capacities as Representative Counsel;

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report; the affidavit of Jonathan Krieger, sworn May 2, 2017 (the “**Krieger Affidavit**”); the affidavit of Pam Huff, sworn May 25, 2017 (the “**Huff Affidavit**”); the affidavit of R. Shayne Kukulowicz, sworn April 21, 2017 (the “**Kukulowicz Affidavit**”); the affidavit of Jessica Zhi, sworn April 24, 2017 (the “**Zhi Affidavit**”); the affidavit of David Ward, sworn May 16, 2017 (the “**Ward Affidavit**”); and on hearing the submissions of counsel for the Receiver, Representative Counsel and the other parties on the sign-in sheet, attached, no one else appearing although served as evidenced by the Affidavit of Nancy Thompson sworn May 26, 2017, filed:

DEFINITIONS

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Order shall have the meaning given to them in the Fourth Report.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Fourth Report is hereby abridged and the manner thereof validated so that this Motion is properly returnable today and hereby dispenses with any further or other service thereof.

APPROVAL OF DISTRIBUTIONS

3. **THIS COURT ORDERS** that the distributions made by the Receiver to the debtors under Loan A, Loan B and Loan C, in the amounts of \$11,959, \$3,783 and \$7,469, respectively, are hereby approved.
4. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to distribute to the debtor under Loan D the amount of \$28,705 and to the debtor under Loan E the amount of \$17,393.

APPROVAL OF SET-OFFS

5. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to:
 - a. set-off the \$21,321 distribution owing to the debtor under Loan L against the amount owing to FLWM under Loan L, subject to the Receiver obtaining a statutory declaration in form and substance satisfactory to the Receiver;
 - b. set-off the \$31,201 distribution owing to the debtor under Loan M against the amount owing to FLWM under Loan M, subject to the Receiver obtaining a statutory declaration in form and substance satisfactory to the Receiver;
 - c. set-off the \$5,110 distribution owing to the debtor under Loan N against the amount owing to FLWM under Loan N;

- d. set-off the \$5,998 distribution owing to the debtor under Loan O against the amount owing to FLWM under Loan O;

and such set-offs shall be in full and final satisfaction of the respective debtors' entitlement to any distribution in these proceedings.

APPROVAL OF MORTGAGE FUND SETTLEMENT

6. **THIS COURT ORDERS AND DECLARES** that the settlement agreement between First Leaside Mortgage Fund and the Receiver, dated May 26, 2017 is hereby approved, and the Receiver is hereby authorized and directed to take such steps and execute such additional documents as may be necessary or desirable for the performance thereof.

CHARACTERIZATION OF REMITTANCES

7. **THIS COURT ORDERS AND DECLARES** that the remittance or set-off by the Receiver as provided in Paragraphs 3, 4, 5 and 6 hereof, including the distributions in respect of the First Leaside Investment Funds, is not a "distribution" for purposes of section 159 of the *Income Tax Act* (Canada), section 270 of the *Excise Tax Act* (Canada), section 107 of the *Corporations Tax Act* (Ontario) and section 117(1) of the *Taxation Act*, 2007 (Ontario) (collectively, the "**Acts**"), and that the Receiver, in making the payments and remittances ordered herein is not "distributing," or considered to have "distributed" the proceeds, and shall have no obligation to obtain a clearance certificate in respect of such payments or remittances. The Receiver shall incur no personal liability

for any obligation to remit amounts payable to the Canada Revenue Agency in respect of amounts owing by First Leaside for taxes under the Acts for making the remittances provided for herein.

AMENDMENT TO INITIAL DISTRIBUTION ORDER

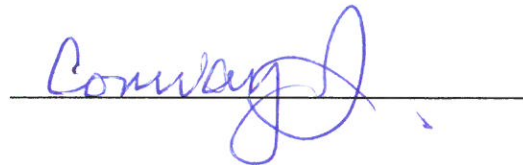
8. **THIS COURT ORDERS AND DIRECTS** that paragraph 12 of the Initial Distribution order be and hereby is amended, *nunc pro tunc*, to delete the reference to "May 31, 2011" in the fourth line and replace it with "May 31, 2013".

APPROVAL OF FEES AND ACTIVITIES

9. **THIS COURT ORDERS** that the Fourth Report, together with the conduct and activities of the Receiver as set out therein, be and are hereby approved.
10. **THIS COURT ORDERS** that the March R&D be and is hereby approved.
11. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from June 1, 2013 to March 31, 2017, in the aggregate amount of \$921,697.60 plus HST, as detailed in the Krieger Affidavit, be and are hereby approved.
12. **THIS COURT ORDERS** that the fees and disbursements of legal counsel to the Receiver, Blakes, for the period from June 1, 2013 to March 31, 2017, in the aggregate amount of \$530,363.53 plus HST, as detailed in the Huff Affidavit, be and are hereby approved.
13. **THIS COURT ORDERS** that the fees and disbursements of legal counsel to the Receiver, Cassels Brock, for the period from June 1, 2013 to August 12, 2013, in

the aggregate amount of \$8,770.10 plus HST, as detailed in the Ward Affidavit, be and are hereby approved.

14. **THIS COURT ORDERS** that the fees and disbursements of legal counsel to the Receiver, Lax O'Sullivan, for the period from June 1, 2013 to February 28, 2017, in the aggregate amount of \$315,412.00 plus HST, as detailed in the Zhi Affidavit, be and are hereby approved
15. **THIS COURT ORDERS** that the fees and disbursements of Representative Counsel, Dentons for the period June 5, 2013 to February 25, 2014 and of Cassels Brock for the period March 14, 2014 to March 31, 2017, in the aggregate amount of \$387,725.60 plus HST, as detailed in the Kukulowicz Affidavit, be and are hereby approved.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 06 2017

PER / PAR:



Schedule A – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
F.L. Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.

PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

COUNSEL SLIP

COURT FILE NO CV-12-09930-CL

DATE JUNE 6, 2017

NO ON LIST (6)

TITLE OF
PROCEEDING

IN THE MATTER OF THE RECEIVERSHIP OF THE
FIRST LEASIDE WEALTH MANAGEMENT INC.

COUNSEL FOR:
PLAINTIFF(S)
APPLICANT(S)
PETITIONER(S)

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Grant Thornton, Receiver

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**IN THE MATTER OF THE RECEIVERSHIP OF FIRST
LEASIDE WEALTH MANAGEMENT INC. AND THE
APPLICANTS LISTED ON SCHEDULE "A".**

Court File No: CV-12-9930-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

ORDER

(Distribution, Activities and Fee Approvals)

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