

Court File No.: CV-23-00082142-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC. and  
CRYSTAL MASTERSON**

Applicants

-and-

**DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE  
ENTERPRISES**

Respondent

**MOTION RECORD OF THE RECEIVER  
(Returnable February 13, 2024)**

January 31, 2024

**MILLER THOMSON LLP**  
Scotia Plaza, 40 King Street West, Suite  
5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

**David Ward LSO# 33541W**  
[dward@millerthomson.com](mailto:dward@millerthomson.com)  
Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**  
[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)  
Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as receiver of Douglas Grozelle  
and Douglas Grozelle o/a Grozelle  
Enterprises

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC. and  
CRYSTAL MASTERSON

Applicants

-and-

DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE ENTERPRISES

Respondent

**SERVICE LIST  
(as at January 31, 2024)**

<b>TO:</b>	<b>Klotz &amp; Associates</b> Barristers & Solicitors 405 - 121 Richmond St. West Toronto, Ont. M5H 2K1  <b>Robert A. Klotz LSO #: 206661G</b> Email: <a href="mailto:bobklotz@klotzassociates.com">bobklotz@klotzassociates.com</a> Tel: 416-360-4500 x 206 Fax: 416-360-4501  Lawyers for the Applicants
<b>AND TO:</b>	<b>Masteron Law</b> 205-1016B Sutton Drive Burlington, ON L7L 6B8  Karen Morimoto Email: <a href="mailto:karen@masteronlaw.ca">karen@masteronlaw.ca</a> Tel: 905.633.5800 Fax: 289.348.2769  Co-counsel for the Applicants

<b>AND TO:</b>	<p><b>Miller Thomson LLP</b> Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p><b>David Ward</b> Tel: 416.595.8625 Email: <a href="mailto:dward@millerthomson.com">dward@millerthomson.com</a></p> <p><b>Erin Craddock</b> Tel: 416.595.8631 Email: <a href="mailto:ecraddock@millerthomson.com">ecraddock@millerthomson.com</a></p> <p><b>Gina Rhodes</b> Tel: 416.597.4321 Email: <a href="mailto:grhodes@millerthomson.com">grhodes@millerthomson.com</a></p> <p>Counsel to the Receiver</p>
<b>AND TO:</b>	<p><b>Grant Thornton Limited</b> 11<sup>th</sup> Floor, 200 King Street West Toronto, ON M5H 3T4</p> <p><b>Daniel Wootton</b> Email: <a href="mailto:Dan.Wootton@ca.gt.com">Dan.Wootton@ca.gt.com</a></p> <p><b>Roman Konovalov</b> Email: <a href="mailto:roman.konovalov@ca.gt.com">roman.konovalov@ca.gt.com</a></p> <p>Receiver of Douglas Grozelle and Douglas Grozelle o/a Grozelle Enterprises</p>
<b>AND TO:</b>	<p><b>TWL Law Professional Corporation</b> 3240 Yonge Street Toronto, ON M4N 2L4</p> <p><b>Shana Nodel</b> Tel: 416.570-2789 Email: <a href="mailto:shana.nodel@twllaw.ca">shana.nodel@twllaw.ca</a></p> <p>Counsel for Douglas Grozelle and Ross Grozelle</p>

<b>AND TO:</b>	<p><b>Prudent Law</b> 4 Robert Speck Parkway Suite 360 Mississauga, ON N4S 1Z1</p> <p><b>Dennis Van Sickle</b> Email: <a href="mailto:dennis@prudentlaw.ca">dennis@prudentlaw.ca</a> Tel: 905.361.9789 Ext. 408 Fax: 289.801.2248</p> <p>Counsel for Jody Ann McKenzie</p>
<b>AND TO:</b>	<p><b>George Street Law Group LLP</b> 10 George Street Suite 200 Hamilton, ON L8P 1C8</p> <p><b>Samuel Nash</b> Email: <a href="mailto:snash@georgestreetlaw.ca">snash@georgestreetlaw.ca</a> Tel: 905.526.2106</p> <p>Counsel for George Street Law</p>
<b>AND TO:</b>	<p><b>Necpal Litigation</b> 102 Gothic Ave Toronto, ON M6P 2V9</p> <p><b>Justin Necpal</b> Tel: 416.294.7505 Email: <a href="mailto:justin@necpal.com">justin@necpal.com</a></p> <p>Counsel for K&amp;M Venture Capital Group Inc., John McMullan, Krista McMullan, 2841291 Ontario Inc., and 2808227 Ontario Inc.</p>
<b>AND TO:</b>	<p><b>Refcio &amp; Associates</b> 380 York Street London, ON N6B 1P9</p> <p><b>Rod Refcio</b> Tel: 519-858-1800 Email: <a href="mailto:rrefcio@rrlaw.ca">rrefcio@rrlaw.ca</a></p> <p><b>William Chapman</b> Tel: 519-858-1800 Email: <a href="mailto:wchapman@rrlaw.ca">wchapman@rrlaw.ca</a></p> <p>Counsel for L7M Development Inc.</p>

<b>AND TO:</b>	<b>Aragon Restaurants Inc.</b> 130 Adelaide Street West, Suite 701 Toronto, ON M5H 2K4  <b>John Garbe</b> , President of Aragon Restaurants Email: john@aragonrestaurants.com
<b>AND TO:</b>	<b>Brian McMullan</b> Email: justin@necpal.com
<b>AND TO:</b>	<b>2823295 Ontario Inc.</b> Email: shana.nodel@twllaw.ca
<b>AND TO:</b>	<b>Hardial Singh</b> singhhhardi@gmail.com
<b>AND TO:</b>	<b>Chaitons LLP</b> 5000 Yonge Street, 10 <sup>th</sup> Floor Toronto, ON M2N 7E9  <b>Ben Frydenberg</b> Tel: 416.218.1146 Email: ben@chaitons.com  Counsel for The Toronto-Dominion Bank

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC. and  
CRYSTAL MASTERSON**

Applicants

-and-

**DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE  
ENTERPRISES**

Respondent

**INDEX**

TAB	DOCUMENT
1.	Notice of Motion, returnable February 13, 2023
2.	First Report of the Receiver dated January 31, 2024
<b>Appendix</b>	
A.	Order of the Honourable Madam Justice Sheard, dated July 7, 2023
B.	Order of the Honourable Mr. Justice Goodman, dated July 20, 2023
C.	Grozelle's Order of Discharge of Bankruptcy, dated April 9, 2018
D.	Corporate Profile Report for K&M Venture Capital Group Inc.
E.	K&M and McMullan Corporate Organization Chart Prepared by the Receiver
F.	September 26, 2023 letter from Counsel for K&M Venture Capital Group Inc.
G.	Corporate Profile Report for 2841291 Ontario Inc.
H.	Corporate Profile Report for 2823295 Ontario Inc.

I.	December 30, 2021 letter from John McMullan and Krista McMullan to Bank of Montreal
J.	May 21, 2021 email from George Street Law to Grozelle, without attachments
K.	September 23, 2021 email from Grozelle to McMullan
L.	Correspondence between counsel for L7M Development Inc. and counsel for the Receiver
M.	K&M Venture Capital Group Inc. Flow of Funds Analysis, as of January 30, 2024
N.	Drops Inc. Homepage
O.	Letters from Counsel for the Receiver to Counsel for K&M Venture Capital Group Inc., dated September 11, 2023, October 16, 2023, November 15, 2023, and January 11, 2024, without attachments
P.	Correspondence from Counsel for K&M Venture Capital Group Inc. to Counsel for the Receiver dated September 15 and 26, 2023, October 20, and 31, 2023, December 14, 2023, and January 2, 8, and 9, 2024, without attachments
Q.	Corporate Profile for Aragon Restaurants Inc.
R.	Corporate Profile Report for 2808227 Ontario Inc.
S.	May 2, 2022 text from McMullan to Grozelle
T.	"Equity Purchase & Loan Agreement" between Aragon Restaurants Inc. and 2808227 Ontario Inc., dated June 3, 2022
U.	Corporate Profile Report for Shipman's Corners Inc.
V.	"Equity Purchase & Loan Agreement" between Aragon Restaurants Inc. and 2808227 Ontario Inc., dated July 1, 2022
W.	Copies of Emails Threatening the Receiver
3.	Draft Receivership Order
4.	Draft Order (Supplemental Relief)
5.	Receivership Order Blackline against Model Order

# TAB 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC. and  
CRYSTAL MASTERSON**

Applicants

-and-

**DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE  
ENTERPRISES**

Respondent

**APPLICATION UNDER SECTION SECTION 101 OF THE  
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**NOTICE OF MOTION  
(K&M Receivership)  
(returnable February 13, 2024)**

Grant Thornton Limited (“**Grant Thornton**”), in its capacity as receiver (“**Receiver**”) of all of the assets, undertaking, and property of Douglas Grozelle and Douglas Grozelle operating as Grozelle Enterprises (“**Grozelle**”) will make a motion to the Court on February 13, 2024 at 10:00 a.m., or as soon thereafter as the motion can be heard via Zoom videoconference.

**PROPOSED METHOD OF HEARING:** The motion is to be heard by video conference at the following location:

Zoom link to be uploaded on Caselines.

**THE MOTION IS FOR:**

1. An order substantially in the form attached at tab 3 of the motion record, *inter alia*,
  - (a) abridging the time for, or dispensing with, service of this notice of motion and supporting materials and providing that this motion is properly returnable on February 13, 2024;
  - (b) appointing the Receiver as receiver of K&M Venture Capital Group Inc. ("**K&M**");
  
2. An order substantially in the form attached at tab 4 of the motion record, *inter alia*,
  - (a) directing that Aragon Restaurants Inc. ("**Aragon**") and the restaurants operating under the business names "Bent Taco", "Tesoro Restaurant", and "Frank and Steins" properly account for and remit any and all payments (whether on account of debt or equity) presently owed or coming due to Grozelle, K&M, 2808227 Ontario Inc. ("**280 Ontario**"), or 2841291 Ontario Inc. (or their successor or assignee entities, if any) to the Receiver ("**Aragon Funds**");
  - (b) directing The Toronto-Dominion Bank ("**TD**") to provide the Receiver with records for any accounts held by TD for the benefit of Grozelle or K&M, further to paragraphs 9 and 10 of the order of the Honourable Mr. Justice Goodman, dated July 20, 2023 ("**Receivership Order**");
  - (c) approving the first report of the Receiver, dated January 30, 2024 ("**First Report**"), and the activities of the Receiver described therein; and

- (d) such further and other relief as counsel may request and this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

1. Capitalized terms not defined herein have the meanings given to them in the Receivership Order.

**Background to Receivership**

2. Between November 2020 and October 2022, Grozelle was in the business of soliciting investment capital and borrowing money (“**Lender Funds**”) from individuals and small private holding companies (collectively, the “**Lenders**”). Based on the information available to the Receiver, it is estimated that during this period he raised at least \$15,000,000 from approximately 140 Lenders. Grozelle did so by promising Lenders above market rates of interest and a quick return of their capital.
3. The loans were generally documented by unsecured short-term (30-92 days) promissory notes that were made to the Lenders by Grozelle personally.
4. It is not clear what happened to the Lender Funds. Grozelle is not able to fully account for the monies. There have been no material recoveries during the course of this receivership.
5. It appears that Grozelle used a significant portion of the Lender Funds to fund equity investments in, and/or loans to, a broad range of small private business enterprises and other ventures, some of which were in the nature of start-up companies and venture capital type investments.

6. In some cases Grozelle invested the Lender Funds directly in his own name and on his own account.
7. In the majority of cases, however, Grozelle transferred the monies raised from Lenders to private investment companies, that either invested the monies directly for their own account, or further transferred the monies on to other individuals and corporate affiliates (collectively "**Transferee Entities**").
8. The Receiver is not aware of any instances wherein Grozelle owned shares in or sat as a director or officer of a Transferee Entity.
9. Grozelle exercised influence and control over Transferee Entities in other ways. For example, in one instance, Grozelle's father (Ross Grozelle) maintained a 50% shareholding interest of a direct parent of a Transferee Entity (being K&M). Other Transferee Entities are owned and operated by friends and business associates of Grozelle.
10. The Receiver is working to reconstruct how funds flowed in and out of Grozelle's accounts prior to the receivership.
11. The flow of funds between Grozelle and the Transferee Entities is complex. Bank statements reveal a high volume of transactions. Grozelle did not maintain proper accounting records. There is no ledger of amounts contributed by or owed to Lenders. There are also no records reflecting amounts loaned to and outstanding from third parties. Further, many of the transactions are Interac or electronic fund transfers that lack sufficient details for the Receiver to identify the source or recipient of the funds.
12. The vast majority of Grozelle account receipts are from Lenders.

13. The Lender Funds were transferred by Grozelle to at least 26 companies and 39 individuals. Recipients of funds include Transferee Entities (particularly, K&M), associates of Grozelle, Lenders, and a host of third parties.
14. There were a significant number of transactions back and forth between Grozelle and the beneficiaries of Lender Funds, including the Transferee Entities.
15. Based on a review of banking records, the Receiver believes that Grozelle transferred at least \$4,400,000 in Lender Funds to K&M over a series of 75 transactions undertaken between September 2021 and October 2022.
16. K&M, through counsel, has responded to the Receiver's inquiries as to the source and application of Lender Funds. Although the responses have been of assistance, much is undocumented and remains to be determined.
17. Grozelle has advised the Receiver that in order to decide how to invest the Lender Funds he would invite start-up companies, and other businesses, to meet with himself and his business associates and pitch for funding. Successful applicants would be selected to receive financing.
18. Between September 2021 and July 2023, K&M made at least 20 distinct investments in companies across North America, with individual investments ranging from \$12,000 to over \$620,000.
19. Grozelle's investment returns, to the extent there were any, proved insufficient to repay his obligations to Lenders. By no later than mid-2021, Grozelle was using funds advanced by way of new loans from Lenders to repay outstanding loans.
20. By November 2022, Grozelle's was unable to source additional capital.

21. Grozelle ultimately failed to repay the vast majority of Lender Funds. He remains indebted to more than 140 Lenders.
22. Although Grozelle raised at least \$15,000,000 from Lenders, the aggregate dollar amount of deposits cycled through bank accounts in Grozelle's name totals in excess of \$102,000,000. The discrepancy between the figures is attributable to some Lenders agreeing to "re-invest the returns" (or "roll" their loans), as well as repeated transfers of funds between Grozelle's accounts and his associates. It is also possible that Grozelle raised well in excess of \$15 million from Lenders, with some Lenders not yet having come forward.

### **Receivership Proceedings**

23. On July 7, 2023, the Honourable Madam Justice Sheard granted an order ("**Interim Order**") appointing Grant Thornton as the interim receiver ("**Interim Receiver**") of all of the assets, undertaking, and property acquired for or used in relation to any business carried on by Grozelle ("**Property**").
24. On July 20, 2023, the Honourable Mr. Justice Goodman granted the Receivership Order expanding the Interim Receiver's powers such that they accord with those in the Commercial List Model Receivership Order.
25. The Receivership Order appointed Grant Thornton as Receiver of the Property and granted additional authority and powers to the Receiver, including the ability to take possession of the Property, collect any and all funds owed to Grozelle, and to sell the Property.

### **Receiver's Efforts to Implement the Receivership Order**

26. The Receiver acted quickly to implement the Interim Order and freeze Grozelle's assets across Canada.
27. Immediately upon its appointment the Receiver wrote to all major Canadian financial institutions (including banks, trust companies and credit unions) to advise of the Interim Order. The Receiver highlighted the court's direction that financial institutions freeze any and all accounts held by or for the benefit of Grozelle.
28. In response to the Receiver's notices, five of the 17 financial institutions contacted confirmed that they held accounts in Grozelle's name ("**Grozelle Accounts**", each a "**Grozelle Account**"): Bank of Montreal ("**BMO**"), Canadian Imperial Bank of Commerce, Royal Bank of Canada, Scotiabank, and TD, and produced records relating to such accounts to the Receiver.
29. The Receiver reviewed the account documentation provided by the banks and estimates that a total of \$102,273,798 had been deposited into the Grozelle Accounts between February 2021 and December 2022. The majority of funds were credited to three accounts: \$102,273,793 to two accounts at BMO; and \$1,356,160 to an account at TD.
30. Despite these efforts, the Receiver was not successful in freezing any funds. Based on the bank statements reviewed by the Receiver, it appears that Grozelle's accounts were overdrawn by no later than late spring 2023.
31. In furtherance of its mandate, the Receiver is developing a "flow of funds analysis" ("**Flow of Funds Analysis**") that documents the source, inter-account

transfer, and disposition of Lender Funds through financial institutions, Transferee Entities, and, where possible, to the ultimate beneficiaries.

32. The Receiver's activities to date have included:
- (a) obtaining financial information and documentation from Lenders who may be creditors of Grozelle;
  - (b) meeting with and interviewing Grozelle, communicating with K&M's principal John McMullan ("**McMullan**"), making inquiries of other persons that the Receiver has identified as being involved in transfers of Lender Funds, or otherwise having knowledge of matters;
  - (c) working with K&M's counsel to obtain and review documents (such as are available) to try to understand the nature and extent of Grozelle's interest in the assets and undertaking of K&M;
  - (d) working to identify Transferee Entities;
  - (e) considering how best to trace and recover funds paid to and through Transferee Entities;
  - (f) holding a creditor virtual "Town Hall Meeting" on July 31, 2023, which was attended by 60 people; and
  - (g) responding to ongoing creditor claims and inquiries.
33. The Receiver's activities since its appointment are further detailed in the First Report.

### **Receivership of K&M**

34. As indicated, K&M is of particular interest to the Receiver.

35. K&M is an Ontario corporation that was incorporated on May 21, 2021. The Receiver understands that K&M was founded by Grozelle and McMullan. The name "K&M" was chosen by them.
36. K&M's directors are McMullan and his wife, Krista McMullan. Krista McMullan is listed as the President and Secretary of the corporation.
37. The Receiver was advised by K&M that the company is owned by 2841291 Ontario Inc. ("**284 Ontario**") and 2823295 Ontario Inc.
38. 284 Ontario was incorporated on May 19, 2021. Its sole director and officer is Krista McMullan.
39. 2823295 Ontario Inc. was incorporated on March 12, 2021. Its sole director and officer is Ross Grozelle, Grozelle's father.
40. It appears that K&M functioned as an investment vehicle through which a substantial amount of Lender Funds flowed. There is no indication that K&M had any economic activity of its own, apart from acting as a holding company from which funds were disbursed.
41. The Receiver estimates that between June 2021 and July 2023, \$4,418,653 was transferred by Grozelle ("**Grozelle Advances**") to a K&M bank account at a BMO bank branch at 2170 Rymal Rd. East, Hamilton, Ontario ("**K&M BMO Account**").
42. In response to the Receiver's request, on September 26, 2023, K&M produced K&M BMO Account statements for the period June 2021 to July 2023. K&M also advised the Receiver that it only used that one bank account and that it is now closed.

43. K&M would in turn pay-out or deploy Lender Funds as “investments” in a disparate array of businesses and undertakings, both within and outside of Canada (“**K&M Investments**”).
44. K&M’s significance as a Grozelle investment vehicle or surrogate is demonstrated by the flow of funds chart prepared by the Receiver and attached as Appendix “M” to the First Report.
45. The Receiver understands that in determining how to invest Lender Funds, Grozelle and McMullan and others held meetings similar to those depicted on the CBC reality television series “Dragons’ Den”. Aspiring entrepreneurs would pitch their business concepts and ask these men to fund an investment.
46. K&M made at least 20 distinct investments ranging from \$12,443 to \$620,374. The investments were predominantly in North American companies, with at least one investment in South America.
47. One example of these investments is Drrops Inc. (“**Drrops**”). Drrops describes itself as a social media platform that enables musicians to connect and build communities with their fans at live events.
48. Drrops received \$317,713 from K&M. The funds were ostensibly advanced pursuant to a convertible promissory note issued by Drrops on September 20, 2021. The promissory note had a two-year term that expired on September 20, 2023.
49. The Receiver does not have sufficient information to understand the status of this investment or prospects for its recoverability.

50. The Receiver's powers and authorities have allowed it to trace funds from Lenders to Grozelle, and from Grozelle to K&M (and other Transferee Entities). What remains to be determined is the particulars of how such funds were further disbursed, whether the disbursements had a legitimate business purpose, and whether or not funds to which Grozelle is legally or beneficially can be recovered for the benefit of creditors.
51. The Grozelle Advances have not been adequately explained or accounted for by Grozelle.
52. The K&M Investments have also not been adequately explained or accounted for by Grozelle or K&M.
53. The Receiver has made written requests of K&M for an accounting of the Grozelle Advances and the K&M Investments. As at the date of this notice of motion, K&M, through counsel, has provided responses, including production of approximately 1900 documents by way of four letters and five emails, dated September 15 and 26, 2023, October 20, 21, and 31, 2023, December 14, 2023, January , 2, 8 and 9, 2024.
54. On December 14, 2023, following several rounds of productions, counsel for K&M advised that K&M had no further information regarding unidentified deposits and disbursements from the K&M BMO Account, and that K&M did not have any additional information to provide to the Receiver in respect of the K&M Investments.
55. Thereafter, on January 8 and 9, 2024, K&M produced another 1629 documents to the Receiver.

56. The information produced by K&M amounts to a partial accounting. To the extent that underlying legal and financial documentation has been provided, the documentation generally does not appear to have been prepared by legal or investment professionals, and is generally incomplete in important respects. For instance, there are no recorded grants of security. Important aspects of the K&M Investments are undocumented in circumstances where one would expect them to be documented. The same can be said for K&M's dealings with Grozelle.
57. For example, K&M transferred \$620,374 to Jared Griego. Jared Griego is the single largest recipient of funds from K&M that the Receiver has identified to date. On January 26, 2024, K&M, through counsel, advised that "Jared Griego = Great Lakes Blockchain, for which we have provided a significant volume of information." The financial dealing between Grozelle and Jared Griego will be reviewed by the Receiver as additional information becomes available.
58. Apart from bank statements, these transfers lack documentary support of the quality one would expect to see given the magnitude of the transactions. Neither K&M nor Grozelle have produced a comprehensive accounting that records the advances, and documents associated investment terms and repayment obligations. Nor does the Receiver yet have a complete understanding of the ultimate beneficiaries of K&M's recorded disbursements, or documentary support or authorization or justification for disbursements. The Receiver intends to work with McMullan and Grozelle and others in an effort to gain a more complete understanding of these matters in the context of the proposed receivership.

59. Of note, there is no evidence that K&M or its principals brought with them any professional venture capital training, relevant experience, or a track record of success in business financings.
60. McMullan has advised the Receiver that he passed the Canadian Investment Fund Course and “was licensed for about two years from about 2016-2018.”.
61. It is concerning that transactions recorded in K&M’s bank statements do not always accord with the information and documents produced to the Receiver. In several instances K&M’s bank statements document transfers of funds to businesses that K&M denies having an interest in. The explanation for this may relate to the fact that the K&M BMO Account is said to have been used for multiple businesses.
62. For example, K&M takes the position that it has no investment interest in Aragon, but that 280 Ontario holds an equity interest in three restaurants owned by Aragon.
63. K&M also contends that it does not have an investment interest in Bloqs4Good Canada Inc., a self-described “cutting edge” blockchain technology firm. K&M says instead that McMullan invested in the company through his holding company, as did Grozelle on behalf of a Lender. However bank records show that \$112,535 was disbursed from the K&M BMO Account to Bloqs4Good Canada Inc.
64. K&M’s written responses to the Receiver’s inquiries provide numerous additional grounds as to why K&M ought to be subject to the proposed receivership. In particular, the Receiver has been told:

- (a) the K&M BMO Account was used to make payments to certain Lenders;
- (b) the K&M BMO Account “was used for multiple businesses”, including 280 Ontario, 284 Ontario, Beyond Desks Inc., LOKRROOM Inc., and Great Lakes Blockchain Inc.;
- (c) Grozelle made investments “through K&M”;
- (d) K&M holds at least one investment for Grozelle (in a US \$250,000 convertible note pursuant to a “verbal agreement”;
- (e) K&M did not prepare financial statements or maintain proper accounting records;
- (f) K&M did not file a tax return for 2022; and
- (g) K&M advised BMO on December 30, 2021 that “its current investment portfolio is estimated to be valued at \$15.9 Million Dollars (CAD) in which Douglas and Ross Grozelle have a 49% equity stake (approximately \$7.85 Million CAD).

65. In summary, there is evidence that several million dollars in Lender Funds were transferred to K&M. Such monies may have been comingled with other funds before being disbursed to a collection of individuals and entities. To the extent that the disbursements represent business investments they are generally poorly documented. K&M did not maintain proper accounting books and records and financial statements, and missed filing tax returns. K&M shared bank accounts with other companies.

66. If appointed, the Receiver intends to review the authority and rationale for disbursements from the K&M Bank Account. The Receiver will determine if the indicated disbursements have a legitimate business purpose.
67. To the extent that the legal distinctiveness of corporations has not been respected, this will of course complicate the tracing exercise.
68. Empowering the Receiver to act as receiver of K&M will allow the Receiver to directly obtain reliable financial information from third parties including financial institutions. Such records will be useful in identifying the ultimate beneficiaries of transfers and assessing the legitimacy of the transactions.
69. At present the Receiver's powers and authority extend to Grozelle. However, apart from soliciting Lender Funds, Grozelle undertook little if any investment activity in his own name. As described above, Grozelle relied on associates and Transferee Entities such as K&M, to transact business.
70. The expansion of the Receiver's powers to act as receiver of K&M will allow the Receiver to gather information directly, and to better ascertain the true state of the financial dealings, assets and affairs of Grozelle.
71. Appointing Grant Thornton as receiver of K&M should also allow the Receiver to trace the use of Lender Funds and identify and locate Property that may be realized upon for the benefit of Grozelle's creditors.
72. As of the date of this notice of motion, counsel for the Receiver and K&M are in discussions regarding the scope of any receivership order in respect of K&M.

73. The Receiver anticipates providing a supplemental report to court in respect of the scope of the proposed receivership of K&M prior to the return date of the motion.
74. If necessary, the Receiver will return to court to seek additional investigatory authorities and powers as may be appropriate to advance the tracing exercise and recover Lender Funds.

#### **Aragon Restaurants Inc.**

75. Aragon is an Ontario corporation that operates nine restaurants in Collingwood and Guelph, Ontario (collectively, the “**Aragon Restaurants**”). Its sole director is John Garbe (“**Garbe**”).
76. Based on the Receiver’s analysis as set out in paragraphs 93-122 of the First Report, it appears that between December 2021 and August 2022, Aragon received advances totalling \$910,578: \$453,000 directly from Grozelle and at least \$457,578 from K&M.
77. In response to the Receiver’s inquiries in respect of Aragon, K&M has advised the Receiver that it was 280 Ontario, not K&M, that invested in Aragon.
78. 280 Ontario was incorporated on January 14, 2021. Its directors and officers are Ross Grozelle, and Krista McMullan.
79. In response to inquiries, K&M provided the Receiver with two loan agreements. Each one was made between Aragon and 280 Ontario.
80. Aragon and 280 Ontario are parties to an “Equity Purchase & Loan Agreement”, dated June 3, 2022, pursuant to which 280 Ontario agreed to advance \$279,000

- to Aragon: \$250,000 in the form of a loan to Aragon, and \$29,000 as equity in Bent Taco, and Frank and Steins restaurants (“**Taco Investment Agreement**”).
81. The first loan has a five-year term with a 5% interest rate. Aragon was to begin repaying the loan “at month 7”.
  82. In exchange for the equity financing component of the Taco Investment Agreement, 280 Ontario received a 10% interest in Bent Taco (valued at \$5,000), and 20% in Frank and Steins (valued at \$24,000).
  83. Aragon and 280 Ontario are also parties to an “Equity Purchase & Loan Agreement”, dated July 1, 2022, whereby 280 Ontario agreed to provide \$400,000 in funding for Aragon’s business: \$350,000 in the form of a loan to Aragon, and \$50,000 in equity in Tesoro restaurant (“**Tesoro Agreement**”, and together with the Taco Investment Agreement, the “**Aragon Agreements**”).
  84. The second loan has a five-year term at a 5% interest rate. Aragon was to begin making monthly payments on February 1, 2023.
  85. In exchange for the \$50,000 equity investment, 280 Ontario was granted a 30% interest in “Tesoro restaurant AND market”.
  86. It is not clear what consideration, if any, 280 Ontario provided to Aragon, K&M, or Grozelle in exchange for any rights it purportedly received under the Aragon Agreements.
  87. The Receiver notes that neither of the Aragon Agreements address when or how the equity grants would be documented and who would receive the benefit of the same. The Receiver is not in possession of shareholder agreements or certificates that would otherwise document and explain the investment.

88. The Aragon Agreements do, however, stipulate that McMullan, his father Brian McMullan, Hardial Singh, and Grozelle are entitled to “credits and/or Carte Blanche for free meals” at the restaurants subject to the agreements.
89. Between November 2022 and July 2023, Aragon made its required monthly payments to K&M totalling \$78,700. Additionally, there was a \$20,000 dividend paid to 284 Ontario on January 10, 2023. K&M has advised the Receiver that Grozelle was entitled to \$5,500 of this dividend, but the Receiver has not seen any evidence that this amount was transferred to Grozelle.
90. In reviewing the account statements for the K&M BMO Account, it appears that Aragon stopped remitting its monthly payments to the K&M BMO Account after the Receiver was appointed. The basis for this change has as yet not been explained to the Receiver’s satisfaction.
91. Aragon is required to make monthly payments to 280 Ontario under the Aragon Agreements. Since its appointment, the Receiver has received a single \$2,857 payment from K&M for Grozelle’s portion of Aragon’s monthly payments pursuant to the Aragon Agreements.
92. In response to the Receiver’s inquiries, K&M has advised that Grozelle personally contributed \$160,000 to the loan to Aragon and is also entitled to payments. This aspect of the relationship between Aragon, K&M, 280 Ontario and Grozelle is apparently undocumented.
93. The Receiver accordingly requests an order directing that Aragon account for and remit all payments properly owed or coming due, including any amounts

owed in connection with equity distributions, to Grozelle, 284 Ontario, McMullan, Brian McMullan, Hardial Singh, and/or 280 Ontario to the Receiver.

### **Bank Records**

94. Immediately following its appointment the Receiver wrote to 17 financial institutions, including TD, and requested that they produce Records in connection with any accounts held for the benefit of Grozelle pursuant to paragraph 9 of the Receivership Order.
95. TD has objected to producing documents to the Receiver because TD is concerned that disclosure of such Records may contravene the *Personal Property Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended (“**PIPEDA**”), despite the fact that paragraph 9 of the Receivership Order requires such disclosure.
96. No other financial institution raised the concerns that have been expressed by TD as a basis for its refusal to provide Records.
97. TD’s PIPEDA concerns are unwarranted. The Receivership Order, being the Commercial List model order, requires TD to produce documents to the Receiver and is therefore “an order by a court ... with jurisdiction to compel the production of information” under section 7(3)(c) of the act.
98. The Receiver requires Records in the possession of TD to advance its accounting of the Lender Funds received and disbursed by Grozelle.
99. The Receiver respectfully requests an order directing TD to produce any and all Records required by the Receivership Order.

**General**

100. Sections 97, and 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
101. Rules 1.04 2.03, 3.02, 16.04, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
102. The inherent and equitable jurisdiction of this Honourable Court; and
103. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

**THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:**

- (a) The First Report and the appendices thereto; and
- (b) Such further and other evidence as counsel may advise and as this Honourable Court may admit.

January 31, 2024

**MILLER THOMSON LLP**  
Scotia Plaza, 40 King Street West, Suite  
5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

**David Ward LSO# 33541W**  
[dward@millerthomson.com](mailto:dward@millerthomson.com)  
Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**  
[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)  
Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as receiver of Douglas Grozelle  
and Douglas Grozelle o/a Grozelle  
Enterprises

TO: Service List

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Hamilton

**NOTICE OF MOTION**

**MILLER THOMSON LLP**  
Scotia Plaza, 40 King Street West, Suite  
5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

**David Ward LSO# 33541W**  
[dward@millerthomson.com](mailto:dward@millerthomson.com)  
Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**  
[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)  
Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as Receiver of Douglas Grozelle  
and Douglas Grozelle o/a Grozelle  
Enterprises

# TAB 2

Court File No.: CV-23-00082142-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**MICHAEL FOLEY, JONATHAN WILLIAMS,  
WILLIAMS VENTURE CAPITAL INC. and CRYSTAL MASTERSON**

Applicants

- and -

**DOUGLAS GROZELLE  
and DOUGLAS GROZELLE o/a GROZELLE ENTERPRISES**

Respondents

**APPLICATION UNDER SECTION  
SECTION 101 OF THE  
*COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED**

**FIRST REPORT OF THE RECEIVER**

**January 30, 2024**



200 King Street West, 11<sup>th</sup> Floor  
Toronto, Ontario, M5H 3T4

## TABLE OF CONTENTS

I.	BACKGROUND .....	1
II.	PURPOSE OF THIS REPORT.....	1
III.	SCOPE AND TERMS OF REFERENCE.....	2
IV.	BACKGROUND .....	3
	A. Grozelle.....	3
	B. Investment Scheme .....	4
	C. Investment Scheme Falls Apart .....	5
V.	RECEIVER'S EFFORTS TO IMPLEMENT THE RECEIVERSHIP ORDER.....	6
VI.	K&M VENTURE CAPITAL GROUP INC. ....	8
	A. Background.....	8
	B. K&M's Finances .....	10
	C. K&M Investments .....	13
	D. Receivership of K&M.....	14
VII.	ARAGON RESTAURANTS INC.....	18
	A. Background.....	18
	B. Funding Agreements.....	20
	i. Taco Investment Agreement.....	20
	ii. Tesoro Investment Agreement.....	21
	iii. Repayment of Loans.....	22
VIII.	BANK RECORDS .....	23
IX.	THE ROLE OF THE RECEIVER.....	24
X.	RECEIVER'S ACTIVITIES .....	24
	A. Summary of Activities Since the First Report of the Interim Receiver .....	24
	B. Pumpkin Pass Recovery .....	26
	C. Funding of Receivership .....	26
XI.	RECOMMENDATION .....	27

**Appendix**

- A. Order of the Honourable Madam Justice Sheard, dated July 7, 2023
- B. Order of the Honourable Mr. Justice Goodman, dated July 20, 2023
- C. Grozelle's Order of Discharge of Bankruptcy, dated April 9, 2018
- D. Corporate Profile Report for K&M Venture Capital Group Inc.
- E. K&M and McMullan Corporate Organization Chart Prepared by the Receiver
- F. September 26, 2023 letter from Counsel for K&M Venture Capital Group Inc.
- G. Corporate Profile Report for 2841291 Ontario Inc.
- H. Corporate Profile Report for 2823295 Ontario Inc.
- I. December 30, 2021 letter from John McMullan and Krista McMullan to Bank of Montreal
- J. May 21, 2021 email from George Street Law to Grozelle, without attachments
- K. September 23, 2021 email from Grozelle to McMullan
- L. Correspondence between counsel for L7M Development Inc. and counsel for the Receiver
- M. K&M Venture Capital Group Inc. Flow of Funds Analysis, as of January 30, 2024
- N. Drrops Inc. Homepage
- O. Letters from Counsel for the Receiver to Counsel for K&M Venture Capital Group Inc., dated September 11, 2023, October 16, 2023, November 15, 2023, and January 11, 2024
- P. Correspondence from Counsel for K&M Venture Capital Group Inc. to Counsel for the Receiver dated September 15 and 26, 2023, October 20, and 31, 2023, December 14, 2023, and January 2, 8, and 9, 2024

- Q. Corporate Profile for Aragon Restaurants Inc.
- R. Corporate Profile Report for 2808227 Ontario Inc.
- S. May 2, 2022 text from McMullan to Grozelle
- T. “Equity Purchase & Loan Agreement” between Aragon Restaurants Inc. and 2808227 Ontario Inc., dated June 3, 2022
- U. Corporate Profile Report for Shipman’s Corners Inc.
- V. “Equity Purchase & Loan Agreement” between Aragon Restaurants Inc. and 2808227 Ontario Inc., dated July 1, 2022
- W. Copies of Emails Threatening the Receiver

## I. BACKGROUND

1. On July 7, 2023, the Honourable Madam Justice Sheard granted an order (“**Interim Order**”) appointing Grant Thornton Limited (“**Grant Thornton**”) as the interim receiver (“**Interim Receiver**”) of all of the assets, undertaking, and property acquired for or used in relation to any business carried on by (“**Property**”) Douglas Grozelle and Douglas Grozelle o/a Grozelle Enterprises (together, “**Grozelle**”). A copy of the Interim Order is attached as **Appendix “A”**.
2. Among other things, the Interim Order (i) froze all assets held by financial institutions for the benefit of Grozelle; (ii) required Grozelle to produce certain documents related to his finances to the Receiver; and (iii) required the cooperation of the Financial Transactions and Reports Analysis Centre of Canada, the Ontario Provincial Police, and certain Canadian financial institutions in advising the Interim Receiver of any Property or Records (as defined in the Interim Order) in their possession or control.
3. On July 20, 2023, the Honourable Mr. Justice Goodman granted an order expanding the Interim Receiver’s powers such that they accord with the Commercial List Model Receivership Order (“**Receivership Order**”). The Receivership Order appointed Grant Thornton as Receiver of all of the assets, undertaking, and property of Grozelle (“**Receiver**”) and granted additional authority and powers to the Receiver including the ability to take possession of the Property, collect any and all funds owed to Grozelle, and to sell the Property. Attached as **Appendix “B”** is a copy of the Receivership Order.

## II. PURPOSE OF THIS REPORT

4. This first report of the Receiver (“**First Report**”) is filed in support of the Receiver’s motion for an order:
  - (a) appointing Grant Thornton as receiver of K&M Venture Capital Group Inc. (“**K&M**”);

- (b) directing that Aragon Restaurants Inc. (“**Aragon**”) and the restaurants operating under the business names “Bent Taco”, “Tesoro Restaurant”, and “Frank and Steins” (collectively, the “**Aragon Restaurants**”) properly account for and remit any and all payments presently owed or coming due to Grozelle, K&M, 2808227 Ontario Inc. (“**280 Ontario**”), or 2841291 Ontario Inc. (or their successor or assignee entities, if any) to the Receiver (“**Aragon Funds**”);
- (c) directing The Toronto-Dominion Bank (“**TD**”) to provide the Receiver with records for any accounts held by TD for the benefit of Grozelle or K&M, further to paragraphs 9 and 10 of the Receivership Order; and
- (d) approving the first report of the Receiver, dated January 30, 2024 (“**First Report**”), and the activities of the Receiver described therein.

### III. SCOPE AND TERMS OF REFERENCE

- 5. In preparing this First Report, the Receiver has relied upon unaudited financial information obtained through public searches, various requests for information including from financial institutions, from Grozelle directly, from Grozelle’s creditors, and from known business partners of Grozelle. While the Receiver reviewed various documents provided by Grozelle and third parties and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Assurance Standards (“**GAAS**”), Generally Accepted Accounting Principles (“**GAAP**”) or International Financial Reporting Standards (“**IFRS**”). Accordingly, the Receiver expresses no opinion or other form of assurance pursuant to GAAS, GAAP or IFRS with respect to such information.
- 6. This First Report has been prepared for the use of this Court and Grozelle’s stakeholders as general information relating to Grozelle and to assist the Court in

determining whether to grant the relief sought by the Receiver. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction, or use of this First Report contrary to the provisions of this paragraph.

7. All references to dollars are in Canadian currency unless otherwise noted.
8. Defined terms that are not specifically defined in this First Report shall have the meanings as defined in the Receivership.
9. Further details regarding Grozelle and these proceedings may be found on the Receiver's case webpage at: <https://www.grantthornton.ca/grozelle>.

#### **IV. BACKGROUND**

10. The information provided in this section of the First Report is based on the Receiver's discussions with Grozelle, his business associates and creditors, and the Receiver's review of hundreds of documents from Schedule I financial institutions, Grozelle, and third parties. The Receiver continues to expend significant efforts to trace funds, reconcile bank accounts, identify third party bank accounts, request, receive, and review hundreds of documents, and correspond with numerous parties to piece together the explanation of where Grozelle's creditors' money went, and who has benefited from Grozelle's business activities.

##### **A. Grozelle**

11. Grozelle resides in Burlington, Ontario. He holds himself out as a businessman and has operated several companies over the years, including a travel company.
12. At the time of the receivership application, Grozelle operated a sole proprietorship under the business name Grozelle Enterprises.

13. Grozelle was discharged from bankruptcy in 2018. Attached as **Appendix “C”** is a copy of Grozelle’s Order of Discharge of Bankruptcy dated April 9, 2018.

**B. Investment Scheme**

14. In or about November 2020, Grozelle began soliciting investment capital and borrowing money (“**Lender Funds**”) from individuals and small private holding companies (collectively, the “**Lenders**”). In doing so, Grozelle promised Lenders above market rates of interest and a quick return of their capital.
15. The loans were generally documented by short-term (30-92 days) unsecured promissory notes that were issued to the Lenders by Grozelle personally.
16. The principal amount of the loans ranged from \$25,000 to \$900,000 for any one promissory note, with a specified premium to be paid at maturity.
17. As described in the affidavits of Michael Foley and Jonathan Williams, both affirmed July 3, 2023, some of the Lenders may have understood that the loans would be used for short-term bridge loans for various real estate transactions and would not be used by Grozelle personally. Grozelle typically declined to disclose the identities of the end borrowers, or where the money would be held, for reasons of “privacy”.
18. In some cases Grozelle invested Lender Funds directly in his own name and on his own account, and used Lender Funds for his own personal living expenses.
19. In the vast majority of cases, however, Grozelle transferred the monies raised from Lenders to private investment companies that either invested the monies directly for their own account, or further transferred the monies on to other individuals and corporate affiliates (collectively “**Transferee Entities**”).
20. Grozelle advised the Receiver that he was not able to act as director or have a direct interest (on behalf of his Lenders) in the investments and related Transferee Entities on account of his personal bankruptcy.

21. The Lender Funds were transferred by Grozelle to at least 26 companies and 39 individuals. Recipients of funds include Transferee Entities (particularly K&M), associates of Grozelle, Lenders, and a host of third parties.
22. There were a significant number of transfers back and forth between Grozelle and the beneficiaries of Lender Funds, including the Transferee Entities.
23. As at the commencement of the Receivership proceedings it is estimated that Grozelle's creditors were owed at least \$15 million.
24. The Receiver understands that in determining how to invest Lender Funds, Grozelle and his business associates, including K&M's principal John McMullan ("McMullan") and others, held meetings similar to those depicted on the CBC reality television series "Dragons' Den". Aspiring entrepreneurs would pitch their business concepts and ask for an investment.
25. It appears that many of the investments were high risk and involved startup companies or businesses that operate in inherently risky industries such as cryptocurrency, non-fungible tokens, film and television, and early technology.
26. The flow of funds between Grozelle and the Transferee Entities is complex. Bank statements reveal a high volume of transactions. Grozelle did not maintain proper accounting records. There is no ledger of amounts contributed by or owed to Lenders. There are also no records reflecting amounts loaned to and outstanding from third parties. Further, many of the transactions are Interac or electronic fund transfers that lack sufficient details for the Receiver to identify the source or recipient of the funds.

### **C. Investment Scheme Falls Apart**

27. By no later than mid-2021, the returns on Grozelle's investments were insufficient to repay his obligations to the Lenders. Funds advanced pursuant to new loans from Lenders were sometimes used to repay outstanding loans.

28. By late November 2022, Grozelle was in default with virtually all Lenders. Around that time Grozelle let them know that he had not received payments in connection with his investments for several months.
29. As of the date of the First Report, there are 140 Lenders owed more than \$15 million.
30. Although Grozelle raised at least \$15 million from Lenders, the aggregate dollar amount of deposits cycled through bank accounts in Grozelle's name totals in excess of \$102 million. The discrepancy between the figures is attributable to some Lenders agreeing to "re-invest the returns" (or "roll" their loans), as well as repeated transfers of funds between Grozelle's accounts and his business associates. It is also possible that Grozelle raised well in excess of \$15 million from Lenders, with some Lenders not yet having come forward.

#### **V. RECEIVER'S EFFORTS TO IMPLEMENT THE RECEIVERSHIP ORDER**

31. The Receiver acted quickly to implement the Interim Order and freeze Grozelle's assets across Canada.
32. Immediately upon its appointment the Receiver wrote to all major Canadian financial institutions (including banks, trust companies and credit unions) to advise them of the Interim Order. The Receiver highlighted the court's direction that financial institutions freeze any and all accounts held by or for the benefit of Grozelle.
33. In response to the Receiver's letters, five of the 17 financial institutions contacted confirmed that they held accounts in Grozelle's name ("**Grozelle Accounts**"): Bank of Montreal ("**BMO**"), Canadian Bank of Commerce, Royal Bank of Canada, Scotiabank, and TD, and produced records relating to such accounts to the Receiver.

34. The Receiver has reviewed the account documentation provided by the banks and estimates that a total of \$102,273,798 was deposited into the Grozelle Accounts between February 2021 and December 2022. The majority of funds were credited to three accounts: \$102,273,793 to two accounts at BMO; and \$1,356,160 to an account at TD.
35. Despite these efforts, the Receiver was not successful in freezing any funds. Based on the bank statements reviewed by the Receiver, it appears that Grozelle's accounts were overdrawn by no later than late spring 2023.
36. In furtherance of its mandate, the Receiver is developing a "flow of funds analysis" ("**Flow of Funds Analysis**") that documents the source, inter-account transfer, and disposition of Lender Funds through financial institutions, Transferee Entities, and, where possible, to the ultimate beneficiaries.
37. The Receiver met with and sought information and documents from Grozelle. While Grozelle has worked cooperatively with the Receiver, numerous documents are not available. These documents include:
  - (a) ledgers tracking funds received from Lenders;
  - (b) ledgers of funds sent to third parties;
  - (c) general ledgers;
  - (d) interest calculations on loans from Lenders;
  - (e) source documentation for the transactions in Grozelle's bank accounts, as further detailed below;
  - (f) deposit books for Grozelle's bank accounts;
  - (g) cheque books for Grozelle's bank accounts; and
  - (h) records of funds advanced to third parties (including contracts, shares, and shareholder agreements).
38. As a result, the Receiver has not received from Grozelle all of the information required pursuant to paragraph 4 of the Interim Order.

## VI. K&M VENTURE CAPITAL GROUP INC.

### A. Background

39. Grozelle transferred substantial Lender Funds to K&M.
40. Based on a review of banking records, the Receiver estimates that Grozelle transferred at least \$4,418,653 in Lender Funds to K&M over a series of 75 transactions undertaken between September 2021 and October 2022.
41. K&M would in turn pay-out or deploy Lender Funds as “investments” in a disparate array of businesses and undertakings, both within and outside of Canada (“**K&M Investments**”).
42. K&M was incorporated on May 20, 2021, under the laws of the Province of Ontario. Its registered office is 10 George Street, Suite 200, Hamilton, ON L8P 1C8. Attached as **Appendix “D”** is a copy of the corporate profile report for K&M.
43. Attached as **Appendix “E”** is a copy of a corporate organization chart for K&M and related entities, prepared by the Receiver.
44. The Receiver understands that K&M was founded by Grozelle and McMullan. The name “K&M” was chosen by them.
45. K&M’s directors are McMullan and, his wife, Krista McMullan. Krista McMullan is the sole officer of the corporation.
46. McMullan and Krista McMullan had signing authority for K&M’s bank account. McMullan authorized and/or approved all K&M disbursements.
47. K&M has advised the Receiver that the company is owned by 2841291 Ontario Inc. (“**284 Ontario**”) and 2823295 Ontario Inc. Attached as **Appendix “F”** is a copy of the September 26, 2023 letter from K&M’s counsel regarding the same.

48. 284 Ontario was incorporated on May 19, 2021. Its sole officer and director is Krista McMullan. Counsel for Krista McMullan has advised the Receiver that 284 Ontario is Krista McMullan's holding company. Attached as **Appendix "G"** is a copy of the corporate profile report for 284 Ontario.
49. 2823295 Ontario Inc. was incorporated on March 12, 2021. Its sole officer and director is Grozelle's father Ross Grozelle. Attached as **Appendix "H"** is a copy of the corporate profile report for 2823295 Ontario Inc.
50. Ross Grozelle has advised the Receiver that Grozelle asked him to be the director and officer of 2823295 Ontario Inc. because Grozelle could not hold those roles due to his prior bankruptcy proceeding. The Receiver further understands from Ross Grozelle that 2823295 Ontario Inc.'s only business was holding shares in K&M, and that he had no involvement in K&M's business operations, including in respect to its banking activities.
51. Also in relation to K&M, counsel for K&M provided the Receiver with a letter to the Bank of Montreal on K&M letterhead dated December 30, 2021. The letter describes K&M as a venture capital entity with a portfolio "estimated to be valued at 15.9 Million Dollars (CAD) in which Douglas and Ross Grozelle have a 49% equity stake (approximately 7.85 Million CAD)". The letter is signed by McMullan and Krista McMullan. McMullan advises that the valuation in this letter was "based on the value of the start-up investments at the time", but that the valuation is now outdated. Attached as **Appendix "I"** is a copy of the December 30, 2021 letter.
52. In response to inquiries from the Receiver, K&M produced documents showing Grozelle's involvement in setting up K&M. For example, on May 21, 2021, George Street Law LLP ("**George Street Law**") sent an email to Grozelle stating "for your company with John McMullan" and attached corporate records for K&M. Attached as **Appendix "J"** is a copy of the May 21, 2021 email, without attachments.

53. On September 23, 2021, Grozelle emailed McMullan and asked him to make certain payments from K&M's bank account. K&M has produced several other emails to the Receiver where Grozelle provided similar instructions to McMullan in respect of K&M's bank account. Attached as **Appendix "K"** is a copy of the September 23, 2021 email.
54. The Receiver understands that an entity known as L7M Development Inc. ("**L7M**") may be asserting an ownership interest in K&M pursuant to the terms of a share purchase agreement dated May 15, 2023. L7M is thought to be owned and directed by Douglas Tuitakali ("**Tuitakali**"). The Receiver has corresponded with Tuitakali and L7M's counsel and has sought additional particulars as to Tuitakali's involvement with Grozelle and K&M, and with respect to the relationship between L7M and K&M, if any. A complete record of L7M's correspondence with the Receiver is attached as **Appendix "L"**. Tuitakali is on notice of this motion.

## **B. K&M's Finances**

55. It appears that K&M functioned as an investment vehicle through which a substantial amount of Lender Funds flowed. There is no indication that K&M had any independent economic activity of its own, apart from acting as a holding company from which funds were disbursed.
56. K&M, through counsel, has responded to the Receiver's inquiries as to the source and application of Lender Funds. Although the responses have been of assistance, much is undocumented and remains to be determined. The Receiver believes that a majority of the funds disbursed by K&M were Lender Funds. One of the primary purposes of the proposed receivership is to ascertain the nature of and rationale for K&M's disbursements and to assess whether or not they have a legitimate business purpose.
57. Counsel for McMullan has advised that "K&M and its principals do not have knowledge 'as to the source and application of Lender Funds' except in respect of

those lenders to Grozelle who dealt directly with McMullan (all of whom were repaid and are not creditors of Grozelle)". See Appendix "A" of the letter from counsel for McMullan, dated September 26, 2023, which forms part of Appendix "P" of this report.

58. In response to the Receiver's request, on September 26, 2023, K&M produced bank account statements for the period June 2021 to July 2023 for K&M's account at a BMO bank branch at 2170 Rymal Rd. East, Hamilton, Ontario ("**K&M BMO Account**"). K&M also advised the Receiver that the K&M BMO Account was its sole bank account and that it is now closed. The account was opened in June 2021 and closed by July 31, 2023 ("**Time Period**"), several weeks after the commencement of the receivership proceeding.
59. The Receiver's review of the K&M BMO Account statements is ongoing. However, the Receiver believes the following to be the case:
  - (a) a total of \$6,846,897 was deposited into the K&M BMO Account between June 25, 2021 (the date the account was opened) and July 21, 2023;
  - (b) Lender Funds transferred by Grozelle to the K&M BMO Account comprise \$4,418,653 of the total deposits into the account ("**Lender Deposits**");
  - (c) a further \$1,665,628 was deposited from various other identifiable payors. The Receiver understands that such payors may have been lenders to the McMullans with the McMullans having since paid back most of these payors from K&M funds ("**Fund Returns**").
  - (d) McMullan and his brother Robert McMullan deposited a total of \$46,698 into the K&M BMO Account;
  - (e) the Receiver is presently unable to identify the source of the remaining \$715,918 in deposits to the K&M BMO Account as such information has not been made available;

- (f) K&M has disbursed at least \$3,577,809 to various individuals and entities;
- (g) K&M disbursed \$389,800 to Grozelle, and \$315,486 to McMullan and Krista McMullan, not including disbursements to companies or assets controlled by them;
- (h) there are \$2,563,802 in disbursements where the Receiver has not been able to identify the recipient of the funds; and
- (i) as of July 31, 2023, the balance in the K&M BMO Account was \$0.

Attached as **Appendix “M”** is a flow of funds chart depicting information currently available to the Receiver as to the sources and disbursements of funds moving through the K&M BMO Account.

- 60. As indicated, the Receiver estimates that K&M disbursed at least \$3,577,809 to individuals and entities in connection with the K&M Investments. The Receiver is as yet unable to identify the recipients of 74 of the transactions listed in the K&M BMO Account statements. These transactions deserve further investigation and are accordingly “transfers of interest” (“**K&M TOIs**”) to the Receiver.
- 61. K&M TOIs represent \$715,918 of the deposits in, and \$2,563,802 of the disbursements from, the K&M BMO Account, or approximately one-quarter of the total dollar value of all recorded transactions.
- 62. In order to complete a reconciliation of the flow of Lender Funds through K&M the Receiver requires backup documentation for the K&M TOIs, including, but not limited to, deposit slips, wire transfer forms, electronic fund transfer records, and copies of debit and credit memos (“**BMO Records**”). Such records should allow the Receiver to assess whether or not there was a legitimate business purpose to the transactions.

63. The BMO Records appear to be some of the only third-party produced financial documents available in respect of K&M.
64. K&M has advised the Receiver that it did not maintain general ledgers or trial balances, or prepare financial statements. K&M advises that it did not file a tax return for 2022.
65. On November 15, 2023, the Receiver requested that K&M provide a direction to BMO authorizing BMO to produce source documents for those transactions listed in the K&M BMO Account to the Receiver. K&M provided a signed copy of the direction on January 8, 2024. The Receiver is acting on this direction.

**C. K&M Investments**

66. The Receiver has been told by McMullan that the K&M Investments have little if any realizable value to Grozelle's creditors (i.e. Grozelle's Lenders).
67. To date, Grozelle has not been able to direct the Receiver to any clearly realizable investment interests, whether related to K&M or otherwise.
68. The Receiver understands that between September 2021 and July 2023, K&M made at least 20 distinct investments ranging from \$12,443 to \$620,374. The investments were predominantly in North American companies, with at least one investment in South America.
69. One example of these investments is Drrops Inc. ("**Drrops**"). Drrops describes itself as a social media platform that enables musicians to connect and build communities with their fans at live events. Attached as **Appendix "N"** is a copy of the homepage for Drrops's website.
70. Drrops received \$317,713 from K&M. The funds were ostensibly advanced pursuant to a convertible promissory note issued by Drrops on September 20, 2021. The promissory note had a two-year term that expired on September 20, 2023.

71. The Receiver does not have sufficient information to understand the status of this investment, or prospects for its recoverability.
72. K&M disbursed \$112,535 to Bloqs4Good Canada Inc., in April and May 2021. Bloqs4Good Canada Inc. is a self-described “cutting edge” blockchain technology firm. K&M contends that it does not have an interest in the company and that McMullan invested in the company through his holding company, as did Grozelle on behalf of a Lender.
73. Other investments include: an American sports organization, a start-up entertainment streaming platform, a cell phone provider, a weapons company, a bitcoin mining company, a retro toy company, a foreign condominium, a property purchased by a numbered company of which Krista McMullan is the sole director and officer, a website development and hosting company, and a blockchain company.

#### **D. Receivership of K&M**

74. On September 11, 2023, the Receiver wrote to K&M to request information regarding the investments made by Grozelle through K&M. The Receiver made further requests for information from K&M by letters dated October 16, 2023, November 15, 2023, and January 11, 2024. Attached as **Appendix “O”** are copies of the letters.
75. K&M, through counsel, has provided responses, including the production of approximately 1900 documents by way of a series of emails and letters, dated September 15 and 26, 2023, October 20, and 31, 2023, December 14, 2023, and January 2, 8, and 9, 2024. Attached as **Appendix “P”** are copies of correspondence from K&M’s counsel.
76. On December 14, 2023, following several rounds of productions, counsel for K&M advised that K&M had no further information regarding unidentified deposits and disbursements from the K&M BMO Account, and that K&M did not have any

additional information to provide to the Receiver in respect of the K&M Investments.

77. Thereafter, on January 8 and 9, 2024, K&M produced an additional 1629 documents to the Receiver.
78. The information produced by K&M amounts to a partial accounting. To the extent that underlying legal and financial documentation has been provided, the documentation generally does not appear to have been prepared by legal or investment professionals, and is generally incomplete in important respects. For instance, there are no recorded grants of security. Important aspects of the K&M Investments are undocumented in circumstances where one would expect them to be documented. The same can be said for K&M's dealings with Grozelle.
79. For example, K&M transferred \$620,374 to Jared Griego. Jared Griego is the single largest recipient of funds from K&M that the Receiver has identified to date. On January 26, 2024, K&M, through counsel, advised that "Jared Griego = Great Lakes Blockchain, for which we have provided a significant volume of information". The financial dealing between Grozelle and Jared Griego will be reviewed by the Receiver as additional information becomes available.
80. It appears that K&M received more than \$4.4 million in advances from Grozelle. Apart from bank statements, these transfers lack documentary support of the quality one would expect to see given the magnitude of the transactions. Neither K&M nor Grozelle have produced a comprehensive accounting that records the advances, and documents associated investment terms and repayment obligations. Nor does the Receiver yet have a complete understanding of the ultimate beneficiaries of K&M's recorded disbursements, or documentary support or authorization or justification for disbursements. The Receiver intends to work with McMullan and Grozelle and others in an effort to gain a more complete understanding of these matters in the context of the proposed receivership.

81. Of note, there is no evidence that K&M or its principals brought with them any professional venture capital training, relevant experience, or a track record of success in business financings. McMullan has advised the Receiver that he passed the Canadian Investment Fund Course and “was licensed for about two years from about 2016-2018”.
82. It is concerning that transactions recorded in K&M’s bank statements do not always accord with the information and documents produced to the Receiver. In several instances K&M’s bank statements document transfers of funds to businesses that K&M denies having an interest in. The explanation for this may relate to the fact that the BMO Account is said to have been used for multiple businesses.
83. Grozelle is a party to only two written agreements that K&M has produced to the Receiver. This is notwithstanding the fact that Grozelle provided the vast majority of funding to K&M, and K&M has acknowledged that there are at least 19 K&M Investments where Grozelle either invested funds on his own behalf, or on behalf of others,
84. To date, the Receiver has relied on information and documents produced by K&M regarding the K&M Investments. This is because the Receiver does not have the legal authority to contact recipients of funds from K&M and request information directly. In the circumstances of the Grozelle receivership, this is not an efficient approach, nor does it allow the Receiver to independently ascertain the completeness and reliability of information provided.
85. McMullan has advised the Receiver that K&M was a “vehicle for group investments” and “in general did not invest for its own account”. McMullan states that he was involved in determining how to invest his own funds, often in coordination with other investors in respect of group investments, but that he was not involved in determining how to invest Lender Funds. McMullan has also confirmed that “K&M invested funds from different individuals/entities, including Grozelle.”

86. K&M's written responses to the Receiver's inquiries provide additional grounds as to why K&M ought to be subject to the proposed receivership. In particular, the Receiver has been told:
- (a) the K&M BMO Account was used to make payments to certain Lenders;
  - (b) the K&M BMO Account "was used for multiple businesses", including 280 Ontario, 284 Ontario, Beyond Desks Inc., LOKRROOM Inc., and Great Lakes Blockchain Inc.;
  - (c) Grozelle made investments "through K&M";
  - (d) K&M holds at least one investment for Grozelle (in a US\$250,000 convertible note) pursuant to a "verbal agreement"; and
  - (e) K&M did not prepare financial statements or maintain proper accounting records.
87. In summary, there is evidence that several million dollars in Lender Funds were transferred to K&M. Such monies may have been comingled with other funds before being disbursed to a collection of individuals and entities. To the extent that the disbursements represent business investments they are generally poorly documented. K&M did not maintain proper accounting books and records and financial statements, and missed filing tax returns. K&M shared bank accounts with other companies.
88. If appointed, the Receiver intends to review the authority and rationale for disbursements from the K&M Bank Account. The Receiver will determine if the indicated disbursements have a legitimate business purpose.
89. To the extent that the legal distinctiveness of corporations has not been respected, this will of course complicate the tracing exercise.

90. Empowering the Receiver to act as receiver of K&M will allow the Receiver to directly obtain reliable financial information and records from third parties including financial institutions. Such records will be useful in identifying the ultimate beneficiaries of transfers and assessing the legitimacy of the transactions.
91. The expansion of the Receiver's powers to act as receiver of K&M should also allow the Receiver to gather information directly from contractual counterparties, and better ascertain the true state of the financial dealings, assets and affairs of Grozelle.
92. As of the date of this notice of motion, counsel for the Receiver and K&M are in discussions regarding the scope of any receivership order in respect of K&M.
93. The Receiver anticipates providing a supplemental report to court in respect of the scope of the proposed receivership of K&M prior to the return date of the motion.

## **VII. ARAGON RESTAURANTS INC.**

94. The Receiver's accounting investigations to date indicate that Aragon received a total of \$910,578 from Grozelle and K&M between December 2021 and August 2022. As further described below, such investments have been inadequately accounted for and explained. As at the date of this report the Receiver is working with counsel for K&M and the McMullans, and others to try to better understand the Aragon financial interests.

### **A. Background**

95. Aragon is an Ontario corporation that operates nine restaurants in Collingwood and Guelph, Ontario (collectively, the "**Aragon Restaurants**"). Its sole director is

- John Garbe (“**Garbe**”). The company lists no officers. Attached as **Appendix “Q”** is a copy of the corporate profile report for Aragon.
96. Based on the Receiver’s analysis, it appears that between December 2021 and August 2022, Aragon received advances totaling \$910,578: \$453,000 directly from Grozelle and at least \$457,578 from K&M.
  97. Notwithstanding the \$457,578 in transfers from K&M Account to Aragon, K&M has told the Receiver that it “does not have an interest in Aragon ... and has had no dealings or involvement with it.” K&M takes the position that 280 Ontario holds an interest in Aragon. Attached as Appendix “P” is a copy of the September 26, 2023 letter from counsel for K&M regarding the same.
  98. 280 Ontario was incorporated on January 14, 2021. Its directors and officers are Ross Grozelle, and Krista McMullan. Attached as **Appendix “R”** is a copy of the corporate profile report for 280 Ontario.
  99. As is the case with K&M, it appears that Grozelle has an association with 280 Ontario. On May 2, 2022, McMullan texted Grozelle and asked whether the agreement with Garbe should be with “KM or under the other corp we are using for the restaurant’s? Rather leave KM as the startup company [sic].” Attached as **Appendix “S”** is a copy of the May 2, 2022 text.
  100. K&M has also advised the Receiver that Grozelle contributed \$160,000 to Aragon and is entitled to repayments. This aspect of the relationship between Aragon, K&M, 280 Ontario, and Grozelle is apparently undocumented.

## B. Funding Agreements

### i. Taco Investment Agreement

101. In response to inquiries, K&M provided the Receiver with two loan agreements. Each agreement was made between Aragon and 280 Ontario.
102. Aragon and 280 Ontario are parties to an “Equity Purchase & Loan Agreement”, dated June 3, 2022, pursuant to which 280 Ontario agreed to advance \$279,000 to Aragon: \$250,000 in the form of a loan to Aragon, and \$29,000 as equity in Bent Taco, and Frank and Steins restaurants (“**Taco Investment Agreement**”). Attached as **Appendix “T”** is a copy of the Taco Investment Agreement.
103. The Taco Investment Agreement specifies that the \$250,000 loan is comprised of \$40,000 from Hardial Singh (“**Singh**”) \$65,000 from Shipman’s Corners Inc., and \$130,000 from 280 Ontario. The loan has a five-year term at a fixed interest rate of 5%, and Aragon was to begin repaying the loan “at month 7”.
104. In exchange for the equity financing component of the Taco Investment Agreement, 280 Ontario received a 10% interest in Bent Taco (said to be valued at \$5,000), and 20% in Frank and Steins (said to be valued at \$24,000).
105. Aragon agreed that the restaurants would declare dividends quarterly, and that the “Buyers (Brian McMullan, John McMullan, Douglas Grozelle, and Hardial Singh) will be given credits and/or Carte Blanche for free meals at both restaurants.” Notably, McMullan, his father Brian McMullan, Singh, and Grozelle are all considered “Buyers” in this clause of the Taco Investment Agreement, despite the fact that the term “Buyer” is defined as 280 Ontario in the agreement.
106. The Taco Investment Agreement is signed by Garbe for Aragon, and Krista McMullan for 280 Ontario.
107. Shipman’s Corners Inc. is an Ontario corporation that was incorporated on October 1, 2013. Its directors and officers are Brian McMullan and Jennifer Pelissero.

Attached as **Appendix “U”** is a copy of the corporate profile report for Shipman’s Corners Inc.

**ii. Tesoro Investment Agreement**

108. Aragon and 280 Ontario are also parties to an “Equity Purchase & Loan Agreement”, dated July 1, 2022, whereby 280 Ontario agreed to provide \$400,000 in funding for Aragon’s business: \$350,000 in the form of a loan to Aragon, and \$50,000 in equity in Tesoro restaurant (“**Tesoro Investment Agreement**”, and together with the Taco Investment Agreement, the “**Aragon Agreements**”). Attached as **Appendix “V”** is a copy of the Tesoro Investment Agreement.
109. The second loan has a five year term at a 5% interest rate. Aragon was to begin making monthly payments on February 1, 2023.
110. In exchange for the \$50,000 equity investment, 280 Ontario was given a 30% interest in “Tesoro restaurant AND market” [emphasis in original].
111. Dividends were to be declared quarterly, and the “Buyers (Brian McMullan, John McMullan, Hardial Singh and Douglas Grozelle) will be given credits and/or Carte Blanche for free meals at the restaurant.”
112. As with the Taco Investment Agreement, “Buyer” is defined as 280 Ontario in the Tesoro Investment Agreement.
113. Krista McMullan is indicated as having signed the Tesoro Investment Agreement on behalf of 280 Ontario.
114. It is not clear what consideration, if any, 280 Ontario provided to Aragon, K&M, or Grozelle in exchange for any rights it purportedly received under the Aragon Agreements.
115. The Receiver notes that neither of the Aragon Agreements address when or how the equity grants would be documented, nor who would receive the benefit of the

same. The Receiver is not in possession of shareholder agreements or certificates that would otherwise document and explain the investment.

**iii. Repayment of Loans**

116. Between November 2022 and July 2023, Aragon made monthly payments to the K&M Bank Account in the amount of \$4,300 from November 2022 to January 2023, and \$10,550 in October 2022, and from February to May 2023, and \$13,050 in June 2023. The payments totaled \$78,700.
117. Additionally, there was a \$20,000 payment made to 284 Ontario on January 10, 2023. K&M has advised the Receiver that Grozelle was entitled to \$5,500 of this amount, but the Receiver has not seen any evidence that this amount was ever paid to Grozelle.
118. In reviewing the account statements for the K&M BMO Account, it appears that Aragon stopped remitting its monthly payments to the K&M BMO Account after the Receiver was appointed. The basis for this change has as yet not been explained to the Receiver's satisfaction.
119. Aragon is required to make monthly payments to 280 Ontario under the Aragon Agreements. Since its appointment, the Receiver has received a single \$2,857 payment from K&M for Grozelle's portion of Aragon's monthly payments pursuant to the Aragon Agreements.
120. The payment to 284 Ontario, as well as the list of beneficiaries that includes parties that (insofar as the Receiver has been able to determine) did not contribute to the Aragon investment, represents a common theme of mismatched beneficial interests from the actual source of funding for such investments.
121. The Receiver was recently advised by a Lender that Garbe sold the Frank & Steins restaurant in October 2023. The Receiver has not been able to verify this. Garbe is on notice of this motion.

122. The Receiver understands the position of the McMullans to be that they have never benefited from, nor do they claim, any interest that they did not lawfully obtain.
123. In the above circumstances, the Receiver requests an order directing that Aragon and the restaurants operating under the business names “Bent Taco”, “Tesoro Restaurant”, and “Frank and Steins” properly account for and remit any and all payments presently owed or coming due, including any amounts owed in connection with equity distributions, to Grozelle, K&M, 280 Ontario, or 284 Ontario (or their successor or assignee entities, if any) to the Receiver.

#### **VIII. BANK RECORDS**

124. As noted above, immediately following its appointment the Receiver wrote to seventeen financial institutions, including TD, and requested that they produce Records in connection with any accounts held for the benefit of Grozelle pursuant to paragraph 9 of the Receivership Order.
125. TD has objected to producing documents to the Receiver because TD is concerned that disclosure of such Records may contravene the *Personal Property Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended (“**PIPEDA**”).
126. Paragraph 9 of the Receivership Order requires such disclosure. The Receivership Order is in the form of the Commercial List model receivership order. It addresses PIPEDA concerns.
127. No other financial institution has raised the concerns that TD has expressed as a basis for its refusal to provide Records.
128. The Receiver respectfully requests that the Court make an order directing TD to produce any and all Records required by the Receivership Order.

## **IX. THE ROLE OF THE RECEIVER**

129. In the months since its appointment the Receiver has received an increasing number of threatening and accusatory emails from persons claiming that the Receiver is somehow responsible for the loss of their investments. Some of the emails go so far as accusing the Receiver of “stealing their money”. **Appendix “W”** to this report is an example of some of the emails that the Receiver has received.
130. It is important to remind parties that the Receiver is not a self-interested party. The Receiver is an officer of the court with a duty to comply with the powers granted in the Receivership Order and to act honestly and in the best interests of all parties, including the debtor. The Receiver has a duty to recover the property of Grozelle.

## **X. RECEIVER’S ACTIVITIES**

### **A. Summary of Activities Since the First Report of the Interim Receiver**

131. By way of summary, the Receiver’s activities since the First Report of the Interim Receiver was filed on July 19, 2023, include:
- (a) undertaking real property, corporate profile, internet, and other public record searches so as to better understand the trade, dealings, and property of Grozelle, K&M, and those entities and individuals that received funds from both Grozelle and K&M;
  - (b) making written requests for productions to approximately seventeen financial institutions and multiple other third parties (including individuals and corporations connected to Grozelle) in an effort to locate and secure Property and financial information relevant to Grozelle to the extent permitted by the Receivership Order;
  - (c) assembling, reviewing, and analyzing bank information, including bank statements and source documents provided by Canadian financial

institutions that hold or held accounts for the benefit of Grozelle, with a view to reconstructing the source and disposition of all monies contributed by Lenders who may be creditors of Grozelle;

- (d) obtaining financial information and documentation from Lenders who may be creditors of Grozelle;
- (e) working to identify Transferee Entities;
- (f) considering how best to trace and recover funds paid to and through Transferee Entities
- (g) pursuing information and documentation from K&M in respect of those Lender Funds transferred to K&M by Grozelle, including any and all K&M Investments made using such funds;
- (h) conducting meetings and discussions with Grozelle, McMullan, Jonathan Williams, and various other borrowers and interested parties that received funds either directly or indirectly from Grozelle, or otherwise have knowledge of matters germane to the receivership proceedings;
- (i) holding a creditor virtual “Town Hall Meeting” on July 31, 2023, which was attended by 60 people;
- (j) responding to various creditor claims and inquiries;
- (k) reviewing the relationship between Grozelle and K&M, and preparing an accounting of payments made by Grozelle to K&M to understand the contractual or other basis for such payments;
- (l) identifying and considering investments undertaken by Grozelle and K&M on behalf of Lenders in order to determine whether such investments are realizable assets that ought to be pursued on behalf of Lenders; and

(m) reviewing K&M's business contracts, including loan agreements, promissory notes, and share purchase agreements.

132. Certain of the activities and inquiries of the Receiver are sensitive in nature. This is because the work that is involved is the assembly and assessment of evidence that may be used to pursue Property in circumstances where efforts may have been made to put such assets beyond the reach of creditors. For this reason, the Receiver's work in this regard has been described at a general level with particulars omitted. Additional details of the Receiver's investigation will be the subject of a future report to the Court. Additionally, the Receiver may pursue proceedings by way of motions litigation or an action to assert an interest in assets that the Receiver believes should properly form part of the receivership administration.

#### **B. Pumpkin Pass Recovery**

133. The Receiver collected a total of \$124,610.59 from the sale of the real property municipally known as 17-10 Pumpkin Pass, in Binbrook, ON ("**Grozelle Property**"). This property was Grozelle's prior residence and was co-owned by Grozelle and his former partner. The proceeds from the sale of the Grozelle Property represent Grozelle's share after the re-payment of the registered mortgage, Grozelle's partner's interest, and the associated selling costs.

134. The sale proceeds were received on July 21, 2023, with a final post-closing adjustment receipt on December 22, 2023.

#### **C. Funding of Receivership**

135. As permitted by paragraph 29 of the Receivership Order, one of the applicants, Crystal Masterson, has advanced a total of \$83,099.01 to the Receiver and its counsel to fund the costs of this receivership proceeding.

**XI. RECOMMENDATION**

136. Based on the foregoing, the Receiver respectfully requests that the Court grant an order:
- (a) appointing the Receiver as receiver of K&M;
  - (b) directing that Aragon and the Aragon Restaurants properly account for, and remit the Aragon Funds to the Receiver;
  - (c) directing TD, and any other financial institution, to provide the Receiver with records for any accounts held by the financial institution for the benefit of Grozelle or K&M;
  - (d) approving the First Report; and
  - (e) such further and other relief as this Honourable Court may deem just.

All of which is respectfully submitted,

**GRANT THORNTON LIMITED**

*In its capacity as Court-Appointed Receiver  
of Douglas Grozelle and Douglas Grozelle Enterprises  
and not in its personal or corporate capacity*  
Per.



---

Daniel Wootton, LIT, CIRP

# APPENDIX "A"

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE ) FRIDAY, THE  
JUSTICE L. SHEARD ) 7<sup>th</sup> DAY OF JULY, 2023

MICHAEL FOLEY, JONATHAN WILLIAMS,  
WILLIAMS VENTURE CAPITAL INC. and CRYSTAL MASTERSON

Applicants

- and -

DOUGLAS GROZELLE  
and DOUGLAS GROZELLE o/a GROZELLE ENTERPRISES

Respondent

**ORDER  
(appointing Interim Receiver)**

**THIS APPLICATION** made by the Applicants for an Order pursuant to section 101 of the *Courts of Justice Act*, RSO 1990, c C.43, as amended (“**CJA**”), appointing Grant Thornton Limited as interim receiver (in such capacity, “**Receiver**”) of all of the assets, undertakings and properties of Douglas Grozelle and Douglas Grozelle o/a Grozelle Enterprises (“**Grozelle**”) acquired for, or used in relation to a business carried on by Grozelle, was heard , in part, the 5<sup>th</sup> day of July, 2023, via Zoom videoconference.

**ON READING** the affidavits of Michael Foley, affirmed July 3, 2023, and the exhibits thereto, and Jonathan Williams, affirmed July 3, 2023, and the exhibits thereto, the affidavit of Douglas Grozelle, sworn July 7, 2023, and exhibits thereto, and on hearing the submissions of counsel for the Applicants and submissions of the Respondent, appearing personally on July 5, and

submissions made by his counsel (retained on a limited scope retainer) on July 7, and on reading the consent of Grant Thornton Limited, to act as the Receiver,

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record, and related materials, is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof. This is without prejudice to Grozelle's position that service was not adequate.

### **FREEZE**

2. **THIS COURT ORDERS** that all cash, investments, assets or accounts held in banks, financial institutions, brokerages or investment firms, held by the Grozelle, whether directly or indirectly, are hereby frozen, and no dealings, transfers, transactions, payments, withdrawals, relocations of assets, encumbrances, or other dispositions thereof shall be made or directed, pending further Order of this Court or by written consent of the Receiver, pursuant to paragraph 17 of this Order, below.

### **DEPOSITS**

3. **THIS COURT ORDERS** that all monies or negotiable instruments received by Grozelle, directly or indirectly, from any third party on or after July 4, 2023, at 4:30 p.m. EST, shall be deposited with or otherwise paid to the Receiver, in Trust. There shall be no other dealings with such funds or instruments pending further order of this Court.

### **PRODUCTIONS BY RESPONDENT**

4. **THIS COURT ORDERS** that Grozelle shall produce to the Applicants and to the Receiver the following information and documentation by no later than 12:00 pm (noon) on July 14, 2023 (or as otherwise provided herein), and thereafter provide updates on a weekly basis until the final disposition of this application to appoint a Receiver, or further Order of this Court:

- (a) On or before 6:00 p.m. on the day before the next hearing of this application, a full accounting, along with all related correspondence, email, and supporting documents, of all transactions, receipts, deposits, payments, seizures and transfers, or alterations or instructions given to any person or business entity, in connection with your assets, liabilities, investments, loans, debts or other things of value, during the period between 4:30 pm on July 4 2023, and 5:00 pm on the day before the return of this application;
- (b) List of assets in the name of Grozelle or held directly or indirectly on his behalf, anywhere in the world, together with amount invested or price paid, the date paid or invested, documents establishing your interest or investment, correspondence related to the asset/investment since the interest arose;
- (c) List of corporations, partnerships, joint ventures or other business entities, in which the Grozelle holds an interest, directly or indirectly, with a description of the nature of each such business, its contact information, its place of business, any existing shareholders agreement, names and contact information for all officers, directors and shareholders.
- (d) List of all banks, financial institutions, brokerages or investment firms, worldwide, in which the Grozelle now holds, or within the past two (2) years has held, directly or indirectly, any assets, cash, investments or other financial assets, and for each, particulars of all accounts, i.e. account numbers, name and contact particulars of the institution, current cash amount or cash value;
- (e) Monthly statements since March 1, 2021, and to date, for all accounts held by Grozelle, directly or indirectly, during the period, at any bank, financial institution, brokerage or investment firm;
- (f) List and particulars of any assets/investments, funds or cash held or controlled by the Grozelle, directly or indirectly, since March 1, 2021, but which he no longer holds or controls, including details of the disposition of such assets, with supporting documents;
- (g) List of assets/investments/accounts or other property held in trust for Grozelle, or held for him in the name of another, including: name and contact particulars of the applicable

trustee or holder; documentation establishing the trust or holding; terms of the trust or holding; value of the property; and current location of the property;

- (h) List of persons or business entities to whom Grozelle owes money, including contact information, amounts lent, date of last payment by Grozelle, printout of the loan ledgers for all outstanding loans; and any internal reference number(s);
- (i) List of all persons or business entities who owe money to Grozelle as at 4:30 pm on July 4, 2023, directly or indirectly, with contact particulars, amounts owed, amount currently in default, if any; copies of documents evidencing the debt(s) or its terms; correspondence with such parties, directly or indirectly, within the past year; printout of all loan ledgers for each such loan, if such ledgers are available;
- (j) List of payments made, lent, invested or transferred by Grozelle, or on his behalf, to borrowers outside of Canada, since March 1, 2021, with contact particulars, nature of the payment, documentation evidencing the payment and its purpose;
- (k) List of investments and non-cash assets, owned directly or indirectly by Grozelle, including the nature of the asset/investment, contact particulars, amount invested, current value (or approximate) of asset/investment; documents establishing the nature of Grozelle's interest in the asset/investment; correspondence within the last two (2) years.

5. **THIS COURT ORDERS**, where any of the above documentation is subject to a claim of solicitor-client privilege, Grozelle shall instead provide: the date and time of the communication; the asset or transaction to which the communication relates; the sender and recipient; and the grounds for such privilege claim. Such documents shall be listed in chronological order, describing the sender and recipient of each, and the nature of each such claim for privilege.

#### **APPOINTMENT OF RECEIVER**

6. **THIS COURT ORDERS** that pursuant to section 101 of the CJA Grant Thornton Limited is hereby appointed interim Receiver of all of the assets, undertakings and properties of Grozelle,

wherever located, including any assets, undertakings and properties of Grozelle acquired for, or used in relation to any business carried on by Grozelle, including all proceeds thereof (the “**Property**”).

## **RECEIVER’S POWERS**

7. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to immediately access financial records of Grozelle, including bank statements and accounts;
- (b) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;
- (c) to endorse documents of whatever nature in respect of bills of exchange and financial instruments, whether in the Receiver’s name or in the name and on behalf of Grozelle, for any purpose pursuant to this Order;
- (d) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable; and
- (e) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including Grozelle, and without interference from any other Person.

## **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

8. **THIS COURT ORDERS** that (i) Grozelle, (ii) all of his employees, agents, accountants, legal counsel, and all other persons acting on his instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “Persons” and each being a “Person”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control and shall grant immediate and continued access to the Property to the Receiver.

9. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of Grozelle, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “Records”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 9 or in paragraph 10 or in paragraph 12 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure, in which event such reason shall be communicated to the Receiver.

10. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the

Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

11. **THIS COURT ORDERS** that, except for the disclosure provided in paragraphs 4(a) through 4(k), and notwithstanding any other provisions of this Order, the Receiver shall not access, view, transmit, or otherwise disclose the contents of any electronic Records compelled pursuant to paragraph 10, above, until further order of this Court or written consent is provided by the Person in possession or control of such Records.

12. **THIS COURT ORDERS** that the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and the Ontario Provincial Police and the Canadian financial institutions listed in **Schedule "A"** to this Order advise the Receiver of the existence of any Property and Records in their possession or control.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

13. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST GROZELLE OR THE PROPERTY**

14. **THIS COURT ORDERS** that no Proceeding against or in respect of Grozelle or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of Grozelle or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

15. **THIS COURT ORDERS** that all rights and remedies against Grozelle, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in

respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or Grozelle to carry on any business which Grozelle is not lawfully entitled to carry on, (ii) exempt the Receiver or Grozelle from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien under the Ontario *Construction Act* or any other jurisdictions’ similar legislation.

#### **NO INTERFERENCE WITH THE RECEIVER**

16. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by Grozelle, without written consent of the Receiver or leave of this Court.

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, the Receiver and/or any third party that may have care, control, or be otherwise holding funds for Grozelle, shall be authorized, with the written consent of the Receiver, to release funds in the amount of \$6,000.00 per month, commencing August 1, 2023, for Grozelle’s ordinary living expenses and a single payment of \$35,000.00, payable as soon as funds may be identified, in respect of reasonable legal fees, to be paid to counsel for Grozelle. Any surplus of funds at the conclusion of such counsel’s retainer, shall be paid to the Receiver. If Grozelle and the Receiver cannot agree on any subsequent amount(s) to be released, then Grozelle and/or the Receiver shall apply for an order, on at least twenty-four (24) hours notice to the other, specifying the amount of funds which Grozelle is entitled to spend on ordinary living expenses and legal advice and representation.

#### **CONTINUATION OF SERVICES**

18. **THIS COURT ORDERS** that all Persons having oral or written agreements with Grozelle or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to Grozelle are

hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

19. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* (if applicable). Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

20. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in an amount not to exceed \$250,000.00 (or such other amount as may be fixed from time to time by the Court), in each case at their standard rates and charges unless otherwise ordered by the Court on a passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, trust claims, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

22. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and

charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

### **SERVICE AND NOTICE**

23. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: [www.grantthornton.ca/grozelle](http://www.grantthornton.ca/grozelle).

24. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to Grozelle’s creditors or other interested parties at their respective addresses as last shown on the records of the Grozelle and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

### **GENERAL**

25. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

26. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of Grozelle.

27. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

28. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. **THIS COURT ORDERS** that, to the extent any of the provisions of this Order affect parties who did not receive notice of the within application (heard on July 5 and July 7, 2023), such parties may, within seven (7) days of receipt of this Order by email or other means, deliver a Notice of Motion bringing the application back on for hearing. on a date to be fixed by the Registrar or Trial Coordinator, to be followed within seven (7) days by a motion record containing all materials to be relied upon. The hearing date shall be set for the first date convenient to counsel and to the Court, to determine whether such provisions are appropriate. The onus for establishing the propriety, justification and appropriateness of any challenged provisions, shall remain on the Applicants and upon the Receiver.

30. **THIS COURT ORDERS** that the costs of this application to date are reserved to the judge further hearing the application.



---

Sheard, J.

## **SCHEDULE “A”**

### **LIST OF FINANCIAL INSTITUTIONS**

Bank of Montreal

Toronto-Dominion Bank

Royal Bank of Canada

Bank of Nova Scotia

National Bank of Canada

Laurentian Bank of Canada

Canadian Imperial Bank of Commerce

Tangerine Bank

Canadian Western Bank

DUCA Financial Services

Meridian Credit Union

Desjardins Ontario Credit Union

Alterna Credit Union

FOLEY et al and DOUGLAS GROZELLE  
Applicants Respondent

Court File No.: CV-23-00082142-0000

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Hamilton

**ORDER**  
**APPOINTING INTERIM RECEIVER**

**KLOTZ ASSOCIATES**  
Barristers & Solicitors  
405 - 121 Richmond St. West  
Toronto, ON M5H 2K1

**Robert A. Klotz, LSUC# 20661G**  
[bobklotz@klotzassociates.com](mailto:bobklotz@klotzassociates.com)  
Tel: 416-360-4500 x 206  
Cell: 647-409-9231  
Fax: 416-360-4501

Lawyers for the Applicants

# **APPENDIX “B”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE ) THURSDAY, THE 20<sup>TH</sup>  
 )  
JUSTICE GOODMAN ) DAY OF JULY, 2023  
 )

MICHAEL FOLEY, JONATHAN WILLIAMS,  
WILLIAMS VENTURE CAPITAL INC. and CRYSTAL MASTERSON

Applicants

- and -

DOUGLAS GROZELLE  
and DOUGLAS GROZELLE o/a GROZELLE ENTERPRISES

Respondent

**RECEIVERSHIP ORDER**

**THIS MOTION** made by Grant Thornton Limited, in its capacity as interim receiver, for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (“CJA”), appointing and expanding its powers as receiver (in such capacity, “Receiver”) of all of the assets, undertakings and properties of Douglas Grozelle and Douglas Grozelle o/a Grozelle Enterprises (“Grozelle”) acquired for, or used in relation to a business carried on by Grozelle, was heard this day via Zoom videoconference.

**ON READING** the affidavits of Michael Foley, affirmed July 3, 2023, and the exhibits thereto, and Jonathan Williams, affirmed July 3, 2023, and the exhibits thereto, the first report of the Receiver dated July 19, 2023, including confirmation that the Motion is unopposed and on the consent of the consent of Grozelle, no one appearing for Grozelle, although duly served as appears from the affidavit of service sworn July 19, 2023,

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of this Notice of Motion, the Motion Record, and related materials, is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

**FREEZE**

2. **THIS COURT ORDERS** that all cash, investments, assets or accounts held in banks, financial institutions, brokerages or investment firms, held by the Grozelle, whether directly or indirectly, are hereby frozen, and no dealings, transfers, transactions, payments, withdrawals, relocations of assets, encumbrances, or other dispositions thereof shall be made or directed, pending further Order of this Court or by written consent of the Receiver, pursuant to paragraph 19 of this Order, below.

**DEPOSITS**

3. **THIS COURT ORDERS** that all monies or negotiable instruments received by Grozelle, directly or indirectly, from any third party on or after July 4, 2023, at 4:30 p.m. EST, shall be deposited with or otherwise paid to the Receiver, in Trust. There shall be no other dealings with such funds or instruments pending further order of this Court.

**PRODUCTIONS BY RESPONDENT**

4. **THIS COURT ORDERS** that Grozelle shall produce to the Applicants and to the Receiver the following information and documentation by no later than 12:00 pm (noon) on July 14, 2023 (or as otherwise provided herein), and thereafter provide updates on a weekly basis until the final disposition of this application to appoint a Receiver, or further Order of this Court:

- (a) On or before 6:00 p.m. on the day before the next hearing of this application, a full accounting, along with all related correspondence, email, and supporting documents, of all transactions, receipts, deposits, payments, seizures and transfers, or alterations or instructions given to any person or business entity, in connection with your assets, liabilities,

investments; loans, debts or other things of value, during the period between 4:30 pm on July 4 2023, and 5:00 pm on the day before the return of this application;

- (b) List of assets in the name of Grozelle or held directly or indirectly on his behalf, anywhere in the world, together with amount invested or price paid, the date paid or invested, documents establishing your interest or investment, correspondence related to the asset/investment since the interest arose;
- (c) List of corporations, partnerships, joint ventures or other business entities, in which the Grozelle holds an interest, directly or indirectly, with a description of the nature of each such business, its contact information, its place of business, any existing shareholders' agreement, names and contact information for all officers, directors and shareholders;
- (d) List of all banks, financial institutions, brokerages or investment firms, worldwide, in which the Grozelle now holds, or within the past two (2) years has held, directly or indirectly, any assets, cash, investments or other financial assets, and for each, particulars of all accounts, i.e. account numbers, name and contact particulars of the institution, current cash amount or cash value;
- (e) Monthly statements since March 1, 2021, and to date, for all accounts held by Grozelle, directly or indirectly, during the period, at any bank, financial institution, brokerage or investment firm;
- (f) List and particulars of any assets/investments, funds or cash held or controlled by the Grozelle, directly or indirectly, since March 1, 2021, but which he no longer holds or controls, including details of the disposition of such assets, with supporting documents;
- (g) List of assets/investments/accounts or other property held in trust for Grozelle, or held for him in the name of another, including: name and contact particulars of the applicable trustee or holder; documentation establishing the trust or holding; terms of the trust or holding; value of the property; and current location of the property;
- (h) List of persons or business entities to whom Grozelle owes money, including contact information, amounts lent, date of last payment by Grozelle, printout of the loan ledgers for all outstanding loans; and any internal reference number(s);

- (i) List of all persons or business entities who owe money to Grozelle as at 4:30 pm on July 4, 2023, directly or indirectly, with contact particulars, amounts owed, amount currently in default, if any; copies of documents evidencing the debt(s) or its terms; correspondence with such parties, directly or indirectly, within the past year; printout of all loan ledgers for each such loan, if such ledgers are available;
- (j) List of payments made, lent, invested or transferred by Grozelle, or on his behalf, to borrowers outside of Canada, since March 1, 2021, with contact particulars, nature of the payment, documentation evidencing the payment and its purpose; and
- (k) List of investments and non-cash assets, owned directly or indirectly by Grozelle, including the nature of the asset/investment, contact particulars, amount invested, current value (or approximate) of asset/investment; documents establishing the nature of Grozelle's interest in the asset/investment; correspondence within the last two (2) years.

5. **THIS COURT ORDERS**, where any of the above documentation is subject to a claim of solicitor-client privilege, Grozelle shall instead provide: the date and time of the communication; the asset or transaction to which the communication relates; the sender and recipient; and the grounds for such privilege claim. Such documents shall be listed in chronological order, describing the sender and recipient of each, and the nature of each such claim for privilege.

#### **APPOINTMENT OF RECEIVER**

6. **THIS COURT ORDERS** that pursuant to section 101 of the CJA Grant Thornton Limited is hereby appointed Receiver of all of the assets, undertakings and properties of Grozelle, wherever located, including any assets, undertakings and properties of Grozelle acquired for, or used in relation to any business carried on by Grozelle, including all proceeds thereof (the "Property").

#### **RECEIVER'S POWERS**

7. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality

of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable

- (a) to immediately access financial records of Grozelle, including bank statements and accounts;
- (b) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (c) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of Grozelle, for any purpose pursuant to this Order;
- (d) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (e) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
- (f) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (g) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (h) to manage, operate, and carry on the business of Grozelle, including the powers, on behalf of Grozelle, to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of Grozelle;

- (i) to receive and collect all monies and accounts now owed or hereafter owing to Grozelle and to exercise all remedies of Grozelle in collecting such monies, including, without limitation, to enforce any security held by Grozelle;
  - (j) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (k) to settle, extend or compromise any indebtedness owing to Grozelle;
  - (l) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to Grozelle, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
  - (m) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
  - (n) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
    - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
    - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required.
- (o) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (p) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property, under the *Land Titles Act* and the *Ontario Personal Property Security Act*;
- (r) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of Grozelle;
- (s) to enter into agreements with any trustee in bankruptcy appointed in respect of Grozelle, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by Grozelle;
- (t) to exercise any shareholder, partnership, joint venture or other rights which Grozelle may have; and
- (u) to file an assignment in bankruptcy on behalf of Grozelle in Toronto.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including Grozelle, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

8. **THIS COURT ORDERS** that (i) Grozelle, (ii) all of his employees, agents, accountants, legal counsel, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant

immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

9. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of Grozelle, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 9 or in paragraph 10 or in paragraph 13 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure, in which event such reason shall be communicated to the Receiver.

10. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

11. **THIS COURT ORDERS** that, except for the disclosure provided in paragraphs 4(a) through 4(k), and notwithstanding any other provisions of this Order, the Receiver shall not access,

view, transmit, or otherwise disclose the contents of any electronic Records compelled pursuant to paragraph 10, above, until further order of this Court or written consent is provided by the Person in possession or control of such Records.

12. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

13. **THIS COURT ORDERS** that the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and the Ontario Provincial Police and the Canadian financial institutions listed in Schedule "B" to this Order advise the Receiver of the existence of any Property and Records in their possession or control, and they are hereby authorized and directed to deliver to the Receiver all such Records or documents as they deem fit.

#### **EXAMINATION BY RECEIVER OF GROZELLE AND OTHERS**

14. **THIS COURT ORDERS** that Grozelle, and any other person(s) that the Receiver reasonably believes may have knowledge of Grozelle's affairs, attend at an examination under oath before an Official Examiner in Toronto, on a date to be agreed upon or selected by the Receiver, with a minimum of 5-days notice, such notice to include a copy of this Order, and answer questions propounded to them by counsel for the Receiver and provide testimony including, but not limited to, the following matters:

- (a) Grozelle's trade, dealing and Property; and
- (b) the matters described in the Applicants' affidavit filed in support of the within application.

**NO PROCEEDINGS AGAINST THE RECEIVER**

15. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “Proceeding”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST GROZELLE OR THE PROPERTY**

16. **THIS COURT ORDERS** that no Proceeding against or in respect of Grozelle or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of Grozelle or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

17. **THIS COURT ORDERS** that all rights and remedies against Grozelle, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or Grozelle to carry on any business which Grozelle is not lawfully entitled to carry on, (ii) exempt the Receiver or Grozelle from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien under the Ontario *Construction Act* or any other jurisdictions’ similar legislation.

**NO INTERFERENCE WITH THE RECEIVER**

18. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence

or permit in favour of or held by Grozelle, without written consent of the Receiver or leave of this Court.

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, the Receiver and/or any third party that may have care, control, or be otherwise holding funds for Grozelle, shall be authorized, with the written consent of the Receiver, to release funds in the amount of \$6,000.00 per month, commencing August 1, 2023, for Grozelle's ordinary living expenses and a single payment of \$35,000.00, payable as soon as funds may be identified, in respect of reasonable legal fees, to be paid to counsel for Grozelle. Any surplus of funds at the conclusion of such counsel's retainer, shall be paid to the Receiver. If Grozelle and the Receiver cannot agree on any subsequent amount(s) to be released, then Grozelle and/or the Receiver shall apply for an order, on at least twenty-four (24) hours notice to the other, specifying the amount of funds which Grozelle is entitled to spend on ordinary living expenses and legal advice and representation.

#### **CONTINUATION OF SERVICES**

20. **THIS COURT ORDERS** that all Persons having oral or written agreements with Grozelle or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to Grozelle are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of Grozelle's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of Grozelle or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **RECEIVER TO HOLD FUNDS**

21. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the

collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **EMPLOYEES**

22. **THIS COURT ORDERS** that all employees of Grozelle shall remain the employees of Grozelle until such time as the Receiver, on Grozelle's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

### **PIPEDA**

23. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to

the prior use of such information by Grozelle, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

24. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

25. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

26. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in an amount not to exceed \$250,000.00 (or such other amount

as may be fixed from time to time by the Court), in each case at their standard rates and charges unless otherwise ordered by the Court on a passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, trust claims, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

28. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

29. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but

subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

30. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

31. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

32. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **SERVICE AND NOTICE**

33. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: [www.grantthornton.ca/grozelle](http://www.grantthornton.ca/grozelle).

34. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the

Grozelle's creditors or other interested parties at their respective addresses as last shown on the records of the Grozelle and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

**GENERAL**

35. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

36. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of Grozelle.

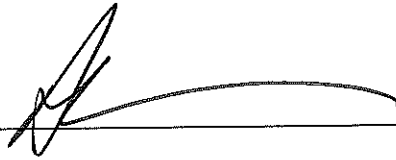
37. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

38. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

39. **THIS COURT ORDERS** that, to the extent any of the provisions of this Order affect parties who did not receive notice of the within application (heard on July 20, 2023), such parties may, within seven (7) days of receipt of this Order by email or other means, deliver a Notice of Motion bringing the application back on for hearing. on a date to be fixed by the Registrar or Trial Coordinator, to be followed within seven (7) days by a motion record containing all materials to be relied upon. The hearing date shall be set for the first date convenient to counsel and to the Court,

to determine whether such provisions are appropriate. The onus for establishing the propriety, justification and appropriateness of any challenged provisions, shall remain on the Applicants and upon the Receiver.

40. **THIS COURT ORDERS** that the Applicants shall have their costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicants' security or, if not so provided by the Applicants' security, then on a full indemnity basis to be paid by the Receiver from Grozelle's estate with such priority and at such time as this Court may determine. Notwithstanding the above, the Receiver may, at its discretion, pay the Applicants' full indemnity Bill of Costs, in whole or in part, save that such costs shall be subsequently reviewed and approved by this Court. If said costs are, upon approval, reduced below their face value, the Applicants shall forthwith refund such overpayment to the Receiver.



---

**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Grant Thornton Limited, the receiver (the "Receiver") of the assets, undertakings and properties Douglas Grozelle acquired for, or used in relation to a business carried on by Grozelle, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right

Schedule "A" - 2

of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANT THORNTON LIMITED solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: \_\_\_\_\_

Name: Daniel Wootton

Title:

**SCHEDULE "B"**

**LIST OF FINANCIAL INSTITUTIONS**

Bank of Montreal

Toronto-Dominion Bank

Royal Bank of Canada

Bank of Nova Scotia

National Bank of Canada

Laurentian Bank of Canada

Canadian Imperial Bank of Commerce

Tangerine Bank

Canadian Western Bank

DUCA Financial Services

Meridian Credit Union

Desjardins Ontario Credit Union

Alterna Credit Union

FOLEY et al and DOUGLAS GROZELLE  
Applicants Respondent

Court File No.: CV-23-00082142-0000

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Hamilton

**RECEIVERSHIP ORDER**

**MILLER THOMSON LLP**  
Scotia Plaza, 40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

**David Ward LSO# 33541W**  
[dward@millerthomson.com](mailto:dward@millerthomson.com)  
Tel: 416.595.8625

**Gina Rhodes LSO#: 78849U**  
[grhodes@millerthomson.com](mailto:grhodes@millerthomson.com)  
Tel: 416.597.4321

Lawyers for Grant Thornton Limited

# APPENDIX “C”

District of ONTARIO  
Division No. 07  
Court No. 32-2173180  
Estate No. 32-2173180

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

BEFORE THE REGISTRAR

) On  
)  
)

APR - 9 2018


In the matter of the bankruptcy of  
**DOUGLAS GROZELLE**  
of the City of Binbrook, in the Province of Ontario  
SUMMARY ADMINISTRATION

**ORDER OF DISCHARGE OF BANKRUPT**

UPON THE APPLICATION OF DOUGLAS GROZELLE, a bankrupt, who filed an assignment on October 4, 2016;

AND WHEREAS the bankrupt has complied with the Order of the Court dated December 19, 2017 setting terms for the discharge of the bankrupt;

1. THIS COURT ORDERS that the bankrupt be and hereby is discharged.

  
\_\_\_\_\_

In the matter of the bankruptcy of  
DOUGLAS GROZELLE  
of the City of Binbrook, in the Province of  
Ontario  
SUMMARY ADMINISTRATION

**ORDER OF DISCHARGE OF BANKRUPT**

**A.Farber & Partners Inc.**  
Trustee in Bankruptcy  
1220 Sheppard Avenue East, Suite 300  
Toronto, Ontario, M2K 2S5

Tel: (416) 496-1200  
Fax: (416) 496-9651

# APPENDIX “D”



## Profile Report

K&M VENTURE CAPITAL GROUP INC. as of August 02, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	K&M VENTURE CAPITAL GROUP INC.
Ontario Corporation Number (OCN)	2841648
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	May 20, 2021
Registered or Head Office Address	10 George Street, 200, Hamilton, Ontario, Canada, L8P 1C8

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 10

Name JOHN MCMULLAN  
Address for Service [REDACTED]  
Resident Canadian No  
Date Began April 05, 2022

Name KRISTA MCMULLAN  
Address for Service [REDACTED]  
Resident Canadian Yes  
Date Began May 20, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

**Name**

KRISTA MCMULLAN

**Position**

President

**Address for Service**

[REDACTED]

**Date Began**

May 20, 2021

**Name**

KRISTA MCMULLAN

**Position**

Secretary

**Address for Service**

[REDACTED]

**Date Began**

May 20, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

**Name**

**Effective Date**

K&M VENTURE CAPITAL GROUP INC.

May 20, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report.

Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
Archive Document Package	June 07, 2023
CIA - Notice of Change PAF: Chris ROGERS	April 11, 2022
CIA - Initial Return PAF: CHRIS ROGERS - OTHER	May 27, 2021
BCA - Articles of Incorporation	May 20, 2021

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

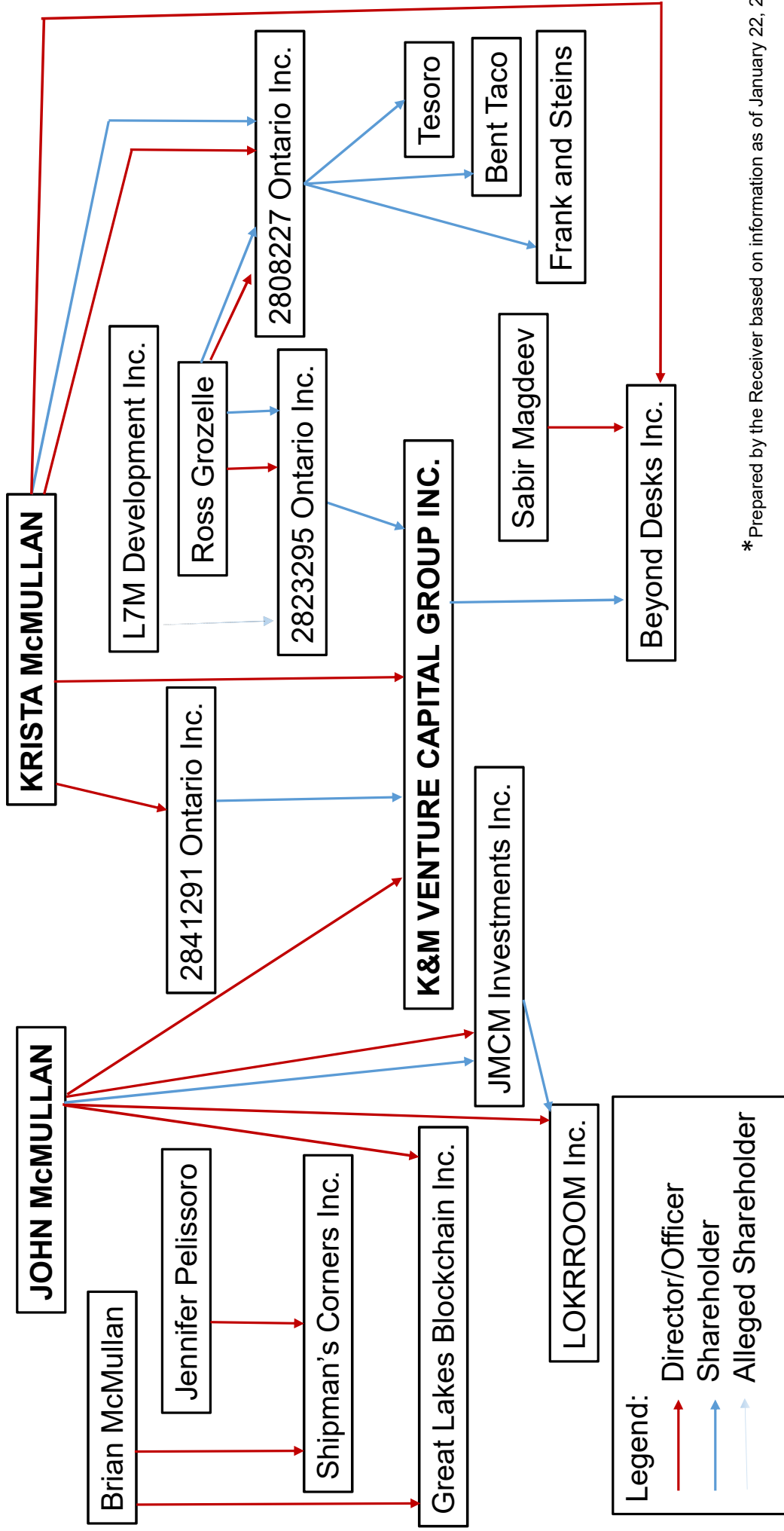
*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

# APPENDIX “E”

# Krista and John McMullan's Corporate Interests\*



\* Prepared by the Receiver based on information as of January 22, 2024

# APPENDIX “F”

September 26, 2023

**SENT BY EMAIL**

Gina Rhodes  
Miller Thomson LLP  
[grhodes@millertomson.com](mailto:grhodes@millertomson.com)

Dear Counsel:

**Re: Grozelle receivership – John McMullan et al.**

Further to our letter of September 15, 2023, we are writing to provide K&M's preliminary response to the Receiver's production request of September 11, 2023. We expect to complete K&M's response with additional information as soon as it is available, likely within 30 days.

For ease of reference, we have used the same ordering as your letter.

As a preliminary note, please be advised that K&M is owned by 2841291 Ontario Inc. and 2823295 Ontario Inc., not by 2808227 Ontario Inc. as suggested in your letter.

**A. Transactions of Interest (TOIs)**

Work is ongoing to review the TOIs and provide the written explanations and documentation requested. We expect to provide the responsive information within 30 days.

Our client notes that the list of TOIs includes transfers made to certain lenders through the K&M bank account. For the Receiver's reference, we have included a summary list of these payments in Appendix "A". Further details and documentation relating to these payments will be provided in our subsequent response.

**B. Investee List**

See our client's answers in Appendix "B".

We take this opportunity to advise that John is aware of other investments made by Doug Grozelle through K&M which are not listed. We trust you will advise if further details are required.

**C. Listing of banks etc.**

K&M used only one bank account – account number [REDACTED] at the Bank of Montreal (the "BMO Account"), which is now closed.

We are informed by our client that the BMO Account was used for multiple businesses, including K&M, 2808227 Ontario Inc., LOKRROOM, Beyond Desks, and Great Lakes Blockchain.

**D. Bank statements**

See enclosed statements for the period from account opening to closing, August 2021 to July 2023.

Our client is in the process of annotating the statements for the Receiver's reference.

**E. Ledgers etc.**

K&M has not created or maintained these types of records.

**F. Financial statements and tax returns**

K&M has not prepared financial statements.

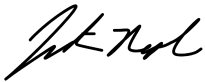
A T2 tax return was filed in respect of the 2021 tax year, a copy of which is enclosed. A return was not filed for 2022.

\*\*\*.

As noted, you can expect our client's further response within 30 days, which we trust is satisfactory. In the meantime, should you need any clarification regarding the information supplied with this letter, please do not hesitate to contact us.

Yours truly,

**NECPAL LITIGATION PROFESSIONAL CORPORATION**



Justin Necpal

Encls.

# APPENDIX “G”



## Profile Report

2841291 ONTARIO INC. as of August 22, 2023

Act  
Type  
Name  
Ontario Corporation Number (OCN)  
Governing Jurisdiction  
Status  
Date of Incorporation  
Registered or Head Office Address

Business Corporations Act  
Ontario Business Corporation  
2841291 ONTARIO INC.  
2841291  
Canada - Ontario  
Active  
May 19, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 10

Name	KRISTA MCMULLAN
Address for Service	[REDACTED]
Resident Canadian	Yes
Date Began	May 19, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

**Name**

KRISTA MCMULLAN

**Position**

President

**Address for Service**

[REDACTED]

**Date Began**

May 19, 2021

**Name**

KRISTA MCMULLAN

**Position**

Secretary

**Address for Service**

[REDACTED]

**Date Began**

May 19, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

**Name**

2841291 ONTARIO INC.

**Effective Date**

May 19, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Expired or Cancelled Business Names**

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
CIA - Initial Return PAF: CHRIS ROGERS - OTHER	May 27, 2021
BCA - Articles of Incorporation	May 19, 2021

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

# APPENDIX “H”



## Profile Report

2823295 ONTARIO INC. as of August 22, 2023

Act  
Type  
Name  
Ontario Corporation Number (OCN)  
Governing Jurisdiction  
Status  
Date of Incorporation  
Registered or Head Office Address

Business Corporations Act  
Ontario Business Corporation  
2823295 ONTARIO INC.  
2823295  
Canada - Ontario  
Active  
March 12, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 10

Name ROSS GORDON GROZELLE  
Address for Service [REDACTED]  
Resident Canadian Yes  
Date Began March 12, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

**Name**

ROSS GORDON GROZELLE

**Position**

President

**Address for Service**

[REDACTED]

**Date Began**

March 12, 2021

**Name**

ROSS GORDON GROZELLE

**Position**

Secretary

**Address for Service**

[REDACTED]

**Date Began**

March 12, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

**Name**

2823295 ONTARIO INC.

**Effective Date**

March 12, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
CIA - Initial Return PAF: CHRIS ROGERS - OTHER	May 27, 2021
BCA - Articles of Incorporation	March 12, 2021

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

# APPENDIX “I”



December 30, 2021

To: Bank of Montreal Branch Manager

This letter is to confirm that Douglas Grozelle and Ross Grozelle currently own 49% of K & M. Venture Capital Group Inc.

K & M Venture Capital invests in early-stage technology startups in Canada and the United States. Our current investment portfolio is estimated to be valued at 15.9 Million Dollars (CAD) in which Douglas and Ross Grozelle have a 49% equity stake (approximately 7.85 Million CAD).

If you have any questions, please don't hesitate to contact John McMullan at 905-208-1047.

Sincerely,

A handwritten signature in black ink, appearing to be 'John McMullan', written in a cursive style.

John McMullan

Managing Partner

A handwritten signature in black ink, appearing to be 'Krista McMullan', written in a cursive style.

Krista McMullan

President

# APPENDIX “J”



John McMullan &lt;john@shipmanscorners.ca&gt;

---

**Fwd: URGENT EDIT**

2 messages

---

**Douglas Grozelle** <douggrozelle@gmail.com>  
To: John McMullan <john@shipmanscorners.ca>

Fri, May 21, 2021 at 9:51 AM

:)

----- Forwarded message -----

From: **Chris Rogers** <crogers@georgestreetlaw.ca>

To: Douglas Grozelle &lt;douggrozelle@gmail.com&gt;

Hi Doug,

Please find attached the Certificate and Articles of Incorporation for K&M Venture Capital Group Inc. along with the organizational documents for the company.

Please send back signed copies of the organizational documents once available.

Please let me know if you have any questions or wish to discuss.

Best,

Chris

---

**3 attachments** **Certificate and Articles of Incorporation.pdf**  
41K **By-Law No. 1.pdf**  
415K **R-Incorp Org Res.pdf**  
378K

---

**John McMullan** <john@shipmanscorners.ca>  
To: jwbmcmullan@gmail.com

Fri, May 21, 2021 at 8:55 PM

[Quoted text hidden]

---

### 3 attachments

 **Certificate and Articles of Incorporation.pdf**  
41K

 **By-Law No. 1.pdf**  
415K

 **R-Incorp Org Res.pdf**  
378K

# APPENDIX “K”



John McMullan &lt;jwbmcmullan@gmail.com&gt;

## Morning Brother

1 message

**Douglas Grozelle** <douggrozelle@gmail.com>  
To: John McMullan <jwbmcmullan@gmail.com>

Thu, Sep 23, 2021 at 9:25 AM

Happy Last Day of Course nad getting released from Whitby Super Max.  
LOL  
Anyhoo just putting some thoughts on paper as we have a lot going on as per usual

1. Brian was telling me about PodCast with Raine thats crazy! AWESOME
2. As promised I attached a new prom note will add the interest  $125K \times 20\% = 25000$  split in 4 ( 6250 ) per week starting Oct 4 ... can you email me the new breakdown you want for Oct amounts per date and cheque/ wire etc.?
3. Let me know how you want me to pay you the 3k / 4 k for loans ill get that square asap
4. So for Friday planning all my money lands here is the plan ( I have a back up for Monday as I dont head out until noon)

Friday  
owed 72500 (owed to you for weekly wire) - 36500 ( owed to me for 50K)  
= 36 000  
I will get this out Friday or Monday before I go Wired to you.  
Then owe 15K when I get back from Cottage to you for last months 75k loan interest.

Then I have to send you ( Actually K and M) will do direct deposit for :  
- 15k USD for Spring  
-25k usd for Ballys ( moko)  
-13K usd my half of 26K ( two weeks worth of track travel club)

5. Can you please wire from K and M :  
- 13K usd or 26K if you have vailable usd to Dan and Indie on Friday?  
-25 k usd to Moko Friday

Then wire:  
-15k usd to Spring ( whenever this month )  
-second half of 26k for travel club if not fully wired on Friday above  
-Wire 150K in two 75k usd wires to Raine for Ddrops next week

To still be discussed

- Crypto Mining
- Ballys Moko - Cooking Show
- Mike Mitchell Production Company
- Libyan Airline lol
- Spring / Corine / Pie - Marketing

Things to track  
- Delilah Progress  
- Ddrops Progress  
-HOLOGRAM sales profit share  
-Income Tax app M and A?  
-NFTx sales progress  
-Cubed  
- Charlies Pharmacy  
- Fluppy Sales and Launch NOV  
- Moko Launch OCT  
- VEGAS TRIP  
- Jeffs Orcaex ? M and A?  
- Sullys ILS



**JohndandKrista125kaddon6250...payoct4.rtf**

51K

# APPENDIX “L”



September 13, 2023

**Sent via E-mail**

L7M Development Inc.  
81 Robinson Street  
Hamilton, Ontario L8P 1Z2  
**Attention: Douglas Tuitakalai**

**Gina Rhodes**

Direct Line: +1 416.597.4321  
grhodes@millerthomson.com

File No. 0250038.0007

Dear Sir:

**Re: Document Production Request  
Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)**

We are counsel to Grant Thornton Limited, in its capacity as the court-appointed receiver (“**Receiver**”) of Douglas Grozelle (“**Grozelle**”).

The Receiver was appointed on July 7, 2023 by interim order of the Ontario Superior Court of Justice (the “**Court**”). The interim order was expanded into a full “model receivership order” on July 20, 2023 (“**Receivership Order**”).

We understand that the Receiver has provided you with a copy of the Receivership Order. It is also posted on the Receiver’s website: <https://www.grantthornton.ca/grozelle>

The Receivership Order grants the Receiver broad powers to, among other things, conduct examinations of all persons involved, receive and collect monies owed to Grozelle, assess any transfers by Grozelle to third parties, and compel production of information relating to same.

The Receivership Order further provides that all Persons, being defined as any individual having notice of the Receivership Order, shall cooperate and deliver all requested information to the Receiver.

We are writing to you because we understand that L7M Development Inc. (“**L7**”) may have an ownership interest in K&M Venture Capital Group Inc. (“**K&M**”). Specifically, the Receiver has been advised that K&M is owned by two holding companies: 2808227 Ontario Inc. and 2823295 Ontario Inc. We further understand that L7 asserts that it is the owner of 2823295 Ontario Inc., based upon a share purchase agreement dated May 15, 2023, a copy of which was provided to the Receiver. To the extent that L7 does not have any ownership interest in or claim to the undertaking or assets of K&M, please advise immediately so we can update our records accordingly.

Based on the Receiver’s investigations to date, including interviews with Grozelle, Ross, John, and others, it is clear that K&M acts as “Grozelle investment vehicle” to facilitate investments and loans and re-directions of funds to third parties.

Further, and as detailed below, it appears that K&M was substantially funded by monies contributed by Grozelle after having been solicited by Grozelle from individual lenders.

The Receiver understands that although Grozelle was never associated with K&M from a corporate records standpoint (e.g. - as a director, officer or owner) he was in fact a directing mind of the entity and he participated in making investment decisions.

The Receiver's review of Grozelle's bank accounts indicates that Grozelle made direct transfers to K&M in the aggregate amount of approximately \$3.97 million between September 17, 2021 and October 14, 2022. Such transfers range in an amount from \$3,750 to \$163,800 in any single transaction. A listing of these transactions of interest ("**TOI**") is enclosed herewith.

Additionally, the Receiver has been advised by Grozelle, John and certain third parties that in many cases monies loaned and/or advanced by Grozelle to third parties, was subsequently repaid not to Grozelle, but to K&M instead.

A partial list of entities which K&M has made investments or monetary transfers either directly or through Grozelle, is enclosed herewith ("**Investee List**"). By way of example, the Receiver has been advised that Grozelle advanced \$423,000 to Aragon Restaurants from his personal account between May 10, 2022 and December 9, 2022. However, repayments were made to K&M, even though K&M has no entitlement to the funds. The Receiver also understands from Grozelle that 2808227 Ontario Inc. may own up to 50% of Aragon Restaurants and Grozelle has not received any repayment of the loans made to date nor has Grozelle received any equity interests.

In the above circumstances, and in furtherance of the Receiver's mandate as contemplated in the Receivership Order, the Receiver has requested that K&M produce the following:

- A. A written explanation for, and accounting of, the business and legal terms in respect of each TOI. Additionally, in respect of each TOI, please provide relevant supporting documentation sufficient for the Receiver to understand: (i) why and at whose behest the transfer was made; and (ii) what K&M did with the money upon receipt and thereafter. For example, depending on whether the money was retained, repaid, further invested, further advanced and/or directed, the Receiver will require particulars and supporting documentation including authorizations, directions, copies of cheques, wire transfer details and receipts.
- B. With reference to each entity on the Investee List, a written explanation for and accounting of K&M's participation in such investments, including relevant supporting documentation evidencing K&M's claims to equity, partnership rights, income, return of capital, or proceeds of any kind.
- C. A listing of all banks, financial institutions, brokerages or investment firms worldwide ("**FI**") in which K&M holds or within the past 3 years has held any assets, cash, investments or the like, and for each, particulars of all accounts.
- D. In respect of each FI, monthly bank statements of K&M for a period of 3 years.



- E. Complete general ledgers covering last 3 fiscal years including trial balances as at the end of each relevant fiscal year (in an Excel and PDF format).
- F. Financial statements and corresponding T2 corporate tax returns for the last 3 fiscal years.

Again, we are bringing this production request to your attention as it is possible that your company, L7, has a direct or indirect ownership interest in K&M, and/or some degree of control over K&M and/or the information and records that are the subject of the production request. If this is the case, it is important that you be on notice of what has been requested so that you have the opportunity to comply, and otherwise participate in the Receivership proceedings as may be appropriate.

In terms of timing, the Receiver asks that the documentation requested be provided by no later than Friday, September 22, 2023. If additional time is required we are prepared to make reasonable accommodations provided that a production timetable is worked out.

In closing, we ask that you, or your lawyer(s), acknowledge receipt of this correspondence and confirm your intention to facilitate the production request, as far as may be possible.

Yours truly,

Miller Thomson LLP

Per:



Gina Rhodes  
GR

- c. David Ward (Miller Thomson LLP)  
Daniel Wootton (Grant Thornton Limited)  
Roman Konovalov (Grant Thornton Limited)





October 20, 2023

**Sent via E-mail**

Refcio & Associates  
Attn: William Chapman  
380 York Street  
London, Ontario N6B 1P9

**Gina Rhodes**

Direct Line: +1 416.597.4321  
grhodes@millerthomson.com

File No. 0250038.0007

Dear William:

**Re: Document Production Request  
Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)**

Thank you for our call yesterday, October 19 regarding the document production request we sent to your client, L7M Development Inc. ("**L7M**") on September 13 (the "**Production Request**").

Based on our discussion, we understand from you that L7M purchased the shares of 2823295 Ontario Inc., and is now the owner of 50 shares of K&M Venture Capital Group Inc. ("**K&M**"). We appreciate L7M's willingness to cooperate with the Receiver in their forensic audit of K&M.

As you advised on our call, we look forward to receiving L7M's written responses and documents to the Production Request by Friday, October 27. As well, please provide L7M's director, Doug Tuitakalai's availability for an in person, informational meeting with the Receiver.

Yours truly,

Miller Thomson LLP

Per:

Gina Rhodes  
GR

- c. David Ward (Miller Thomson LLP)  
Daniel Wootton (Grant Thornton Limited)  
Roman Konovalov (Grant Thornton Limited)

## Moffett, Darlene

---

**From:** Will Chapman <WChapman@rrlaw.ca>  
**Sent:** Wednesday, October 11, 2023 6:14 PM  
**To:** Rhodes, Gina  
**Cc:** Rod Refcio; Ward, David; Dan.Wootton@ca.gt.com; Roman.Konovalov@ca.gt.com; Shannon Andrews  
**Subject:** **[\*\*EXT\*\*]** RE: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Good afternoon,

I confirm that we are corporate counsel for L7M.

We acknowledge receipt of your below correspondence.

Please provide your availability this week or next for a telephone call to discuss this matter in more detail.

Regards,

**William T. J. Chapman**

Partner  
Refcio & Associates  
Barristers and Solicitors  
[www.rrlaw.ca](http://www.rrlaw.ca)



**REFCIO & ASSOCIATES**  
The Business of Law

380 York Street London, ON N6B 1P9 t: 519.858.1800 f: 519.858.1801	1177 Weston Road Toronto, ON M6M 4P5 t: 833.858.1800 f: 833.858.1801.	581 Plains Road East Burlington, ON L7T 2E6 t: 833.858.1800 f: 833.858.1801
--	---	---

**Confidentiality Warning:** This message and any attachments are intended only for the use of the intended recipient(s), are confidential and may be privileged and/or provided on a strictly without prejudice basis. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return email and delete this message and any attachments from your system. Thank you.

**From:** Rhodes, Gina <[grhodes@millertthomson.com](mailto:grhodes@millertthomson.com)>  
**Date:** Wed., Sep. 13, 2023, 2:06 p.m.  
**Subject:** Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)  
**To:** [l7m.development@gmail.com](mailto:l7m.development@gmail.com) <[l7m.development@gmail.com](mailto:l7m.development@gmail.com)>  
**Cc:** Ward, David <[dward@millertthomson.com](mailto:dward@millertthomson.com)>, Wootton, Daniel <[Dan.Wootton@ca.gt.com](mailto:Dan.Wootton@ca.gt.com)>, Konovalov, Roman <[Roman.Konovalov@ca.gt.com](mailto:Roman.Konovalov@ca.gt.com)>

Good afternoon,

We are counsel to Grant Thornton Limited, in its capacity as the court-appointed receiver in the above-described Receivership.

Please see attached correspondence.

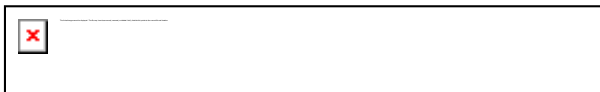
Thank you,

**GINA RHODES**

Associate

**MILLER THOMSON LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.4321  
[grhodes@millerthomson.com](mailto:grhodes@millerthomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

CONFIDENTIALITY: This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de [désabonner](#) à tout moment.

CONFIDENTIALITÉ: Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été

crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

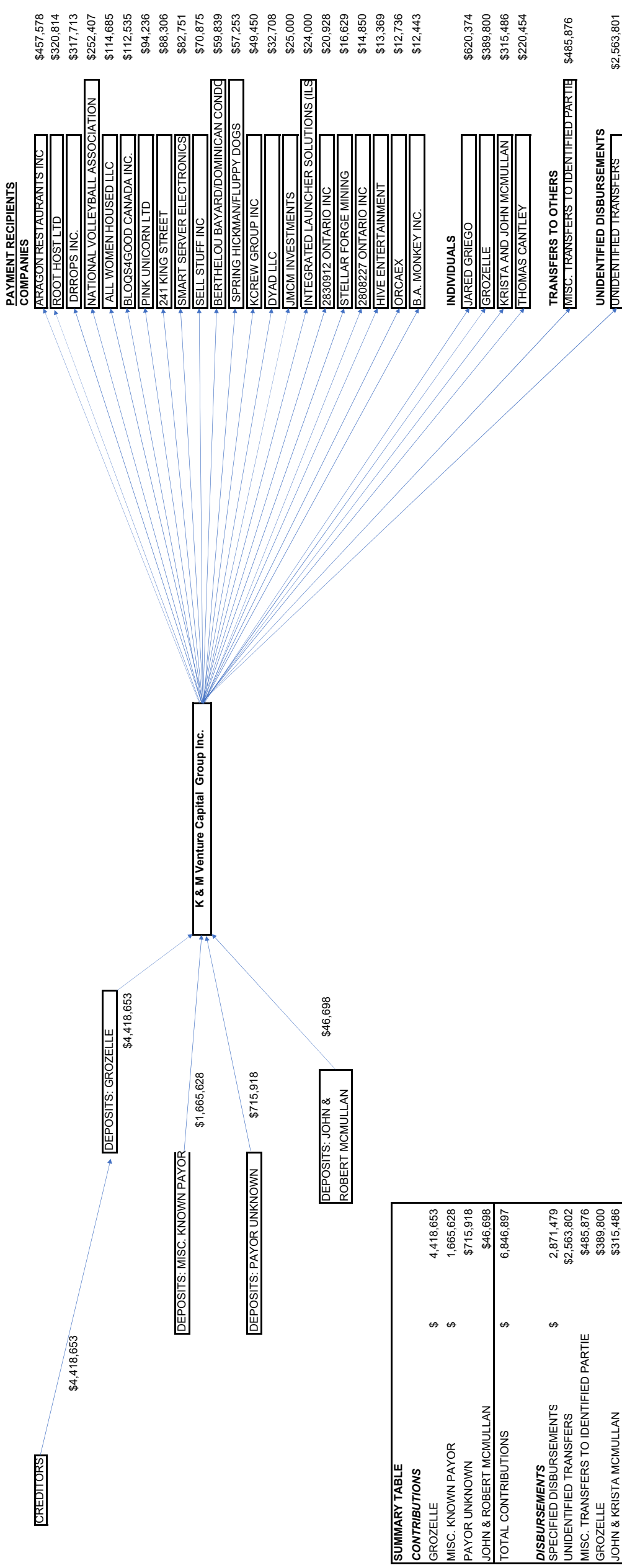
Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

# APPENDIX “M”

**FLOW OF FUNDS THROUGH K&M VENTURE CAPITAL GROUP INC.**

(June 25, 2021-July 31, 2023)\*



SUMMARY TABLE	
<b>CONTRIBUTIONS</b>	
GROZELLE	\$ 4,418,653
MISC. KNOWN PAYOR	\$ 1,665,628
PAYOR UNKNOWN	\$715,918
JOHN & ROBERT MCMULLAN	\$46,698
<b>TOTAL CONTRIBUTIONS</b>	<b>\$ 6,846,897</b>
<b>DISBURSEMENTS</b>	
SPECIFIED DISBURSEMENTS	\$ 2,871,479
UNIDENTIFIED TRANSFERS	\$2,563,802
MISC. TRANSFERS TO IDENTIFIED PARTIE	\$485,876
GROZELLE	\$389,800
JOHN & KRISTA MCMULLAN	\$315,486
THOMAS CANTLEY	\$220,454
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 6,846,897</b>

\*Prepared by Receiver based on information available as of January 22, 2024

# APPENDIX “N”

Drops.



# Own your fanbase. Control your future.

Drops is an artist driven platform redefining fandom. We provide the modern tools to build loyal communities that you own.



[Sign Up for Free](#)

# APPENDIX “O”



September 11, 2023

**Sent via E-mail**

K&M Venture Capital Group Inc.  
10 George Street, 200  
Hamilton, Ontario L8P 1C8  
**Attention: John McMullan, Krista McMullan,  
Ross Grozelle**

**Gina Rhodes**

Direct Line: +1 416.597.4321  
grhodes@millerthomson.com

File No. 0250038.0007

Dear Sirs/Mesdames:

**Re: Document Production Request  
Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)**

We are counsel to Grant Thornton Limited, in its capacity as the court-appointed receiver (“**Receiver**”) of Douglas Grozelle (“**Grozelle**”).

The Receiver was appointed on July 7, 2023 by interim order of the Ontario Superior Court of Justice (the “**Court**”). The interim order was expanded into a full “model receivership order” on July 20, 2023 (“**Receivership Order**”).

We understand that the Receiver has provided you with a copy of the Receivership Order. It is also posted on the Receiver’s website: <https://www.grantthornton.ca/grozelle>

The Receivership Order grants the Receiver broad powers to, among other things, conduct examinations of all persons involved, receive and collect monies owed to Grozelle, assess any transfers by Grozelle to third parties, and compel production of information relating to same.

The Receivership Order further provides that all Persons, being defined as any individual having notice of the Receivership Order, shall cooperate and deliver all requested information to the Receiver.

We are writing to you because of your association with K&M Venture Capital Group Inc. (“**K&M**”). Specifically, we understand that John and Krista are directors of K&M. This is confirmed by a corporate profile report generated on August 2, 2023. We further understand that K&M is owned by two holding companies: 2808227 Ontario Inc. and 2823295 Ontario Inc. (together, the “**HoldCos**”). The directors of 2808227 Ontario Inc. are Krista and Ross. The sole director of 2823295 Ontario Inc., is Ross. This is indicated by corporate profile reports of the HoldCos generated on August 22, 2023. To the extent that the above information is not current or correct, please advise immediately.

Based on the Receiver's investigations to date, including interviews with Grozelle, Ross, John, and others, it is clear that K&M acts as "Grozelle investment vehicle" to facilitate investments and loans and re-directions of funds to third parties.

Further, and as detailed below, it appears that K&M was substantially funded by monies contributed by Grozelle after having been solicited by Grozelle from individual lenders.

The Receiver understands that although Grozelle was never associated with K&M from a corporate records standpoint (e.g. - as a director, officer or owner) he was in fact a directing mind of the entity and he participated in making investment decisions.

The Receiver's review of Grozelle's bank accounts indicates that Grozelle made direct transfers to K&M in the aggregate amount of approximately \$3.97 million between September 17, 2021 and October 14, 2022. Such transfers range in an amount from \$3,750 to \$163,800 in any single transaction. A listing of these transactions of interest ("**TOI**") is enclosed herewith.

Additionally, the Receiver has been advised by Grozelle, John and certain third parties that in many cases monies loaned and/or advanced by Grozelle to third parties, was subsequently repaid not to Grozelle, but to K&M instead.

A partial list of entities which K&M has made investments or monetary transfers either directly or through Grozelle, is enclosed herewith ("**Investee List**"). By way of example, the Receiver has been advised that Grozelle advanced \$423,000 to Aragon Restaurants from his personal account between May 10, 2022 and December 9, 2022. However, repayments were made to K&M, even though K&M has no entitlement to the funds. The Receiver also understand from Grozelle that 2808227 Ontario Inc. may own up to 50% of Aragon Restaurants and Grozelle has not received any repayment of the loans made to date nor has Grozelle received any equity interests.

In the above circumstances, and in furtherance of the Receiver's mandate as contemplated in the Receivership Order, the Receiver requests that K&M produce the following:

- A. A written explanation for, and accounting of, the business and legal terms in respect of each TOI. Additionally, in respect of each TOI, please provide relevant supporting documentation sufficient for the Receiver to understand: (i) why and at whose behest the transfer was made; and (ii) what K&M did with the money upon receipt and thereafter. For example, depending on whether the money was money was retained, repaid, further invested, further advanced and/or directed, the Receiver will require particulars and supporting documentation including authorizations, directions, copies of cheques, wire transfer details and receipts.
- B. With reference to each entity on the Investee List, a written explanation for and accounting of K&M's participation in such investments, including relevant supporting documentation evidencing K&M's claims to equity, partnership rights, income, return of capital, or proceeds of any kind.
- C. A listing of all banks, financial institutions, brokerages or investment firms worldwide ("**FI**") in which K&M holds or within the past 3 years has held any assets, cash, investments or the like, and for each, particulars of all accounts.



- D. In respect of each FI, monthly bank statements of K&M for a period of 3 years.
- E. Complete general ledgers covering last 3 fiscal years including trial balances as at the end of each relevant fiscal year (in an Excel and PDF format).
- F. Financial statements and corresponding T2 corporate tax returns for the last 3 fiscal years.

In terms of timing, the Receiver asks that the documentation requested be provided by no later than Friday, September 22, 2023. If additional time is required we are prepared to make reasonable accommodations provided that a production timetable is worked out.

In closing, we ask that you, or your lawyer(s), acknowledge receipt of this correspondence and confirm your intention to provide the documentation requested.

Yours truly,

Miller Thomson LLP

Per:



Gina Rhodes  
GR

- c. David Ward (Miller Thomson LLP)  
Daniel Wootton (Grant Thornton Limited)  
Roman Konovalov (Grant Thornton Limited)







October 16, 2023

**Sent via E-mail**

Necpal Litigation Professional Corporation  
55 University Avenue, Suite 1800

Toronto, Ontario M5J 2H7

**Attention: Justin Necpal ([justin@necpal.com](mailto:justin@necpal.com))**

**Gina Rhodes**

Direct Line: +1 416.597.4321  
[grhodes@millert Thomson.com](mailto:grhodes@millert Thomson.com)

File No. 0250038.0007

Dear Counsel:

**Re: Document Production Request dated September 11, 2023  
Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)**

We are in receipt of your letter dated September 26, 2023 (“**K&M Response Letter**”).

Unfortunately, the K&M Response Letter fails to properly and fully respond to the requests for information and documentation made. Put simply, the K&M Response Letter raises more questions than answers.

- A. First, the Receiver has made multiple requests from John McMullan (“**McMullan**”) for information relating to funds Grozelle transferred to K&M. In our September 11 Letter, we asked K&M to provide information relating to the transactions of interest (“**TOI**”) we included in our September 11, 2023 letter. The TOIs represent Grozelle’s direct transfers to K&M in the aggregate amount of approximately \$4 million between September 17, 2021 and October 14, 2022. We need to understand, among other things, (i) why and at whose behest the transfer was made; and (ii) what K&M did with the money upon receipt and thereafter.

Instead of providing that information, K&M instead gave us a list of purported lenders and approximate amounts that were paid to these individuals. This is plainly an insufficient response. It is unclear who these individuals are, if the payments represent loans repaid to these individuals, the exact amounts, and why these amounts were paid. This also does not properly respond to the fundamental inquiry of the Receiver of where the funds transferred from Grozelle went.

- B. In response to the Receiver’s request for a written explanation and accounting of K&M’s participation with each investee on the Investee List, you stated that “[McMullan] is aware of other investments made by Grozelle through K&M that are not listed” and that you “trust” we will advise if further details are required. The Receiver has made it clear that it requires information on all investments made by Grozelle

through K&M. To the extent that McMullan is aware of additional investments, details of same must be provided to the Receiver.

Without getting into detail of the specific responses to the entities listed in the Investee List, we note that the responses generally are deficient. Specifically, the responses do not include particulars of K&M's involvement and provide little to no details of any consideration being paid for certain share transactions.

As well, the information directly contradicts prior communications McMullan has had with the Receiver. For example, McMullan has, on multiple occasions, advised the Receiver that he has no involvement with Dyad LLC (either through K&M or himself) and further that he had no knowledge of Grozelle's involvement with same. However, the K&M Response Letter indicates otherwise, and now states that McMullan and his spouse invested in Dyad LLC through their respective holding companies, and further alleges that Grozelle sent funds to Dyad LLC on McMullan's behalf.

While we note that the K&M Response Letter promises to provide written explanations and documentations within 30 days, we need fulsome responses to each of the inquiries. The information provided to date is inadequate. As such, please provide fulsome responses and supporting documentation to the Receiver's request for information by no later than Friday, October 20, 2023.

We look forward to receiving the information requested.

Yours truly,

Miller Thomson LLP

Per:



Gina Rhodes  
GR

- c. David Ward (Miller Thomson LLP)  
Daniel Wootton (Grant Thornton Limited)  
Roman Konovalov (Grant Thornton Limited)







November 15, 2023

**Erin Craddock**  
Direct Line: +1 416.595.8631  
ecraddock@millerthomson.com

**Delivered Via Email**

Necpal Litigation Professional Corporation  
55 University Avenue, Suite 1800  
Toronto, ON M5J 2H7

Attention: Justin Necpal (justin@necpal.com)

Dear Counsel:

**Re: Document Production Request dated September 11, 2023  
Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)**

Thank you for your letter dated October 20, 2023 and subsequent emails, sent October 23 and 31, 2023, enclosing links to 239 documents (collectively, the “**October Responses**”).

The Receiver has had the opportunity to review the documents produced by K&M Venture Capital Group Inc. (“**K&M**”) to date and compare the responses to the Receiver’s requests in its letters dated September 11, 26, and October 16, 2023. Based on the Receiver’s review, the following information remains outstanding.

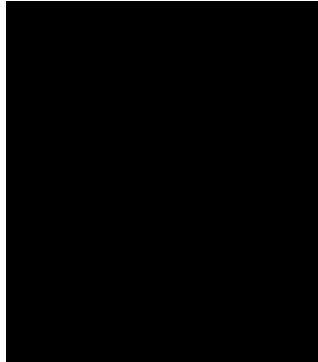
**TOIs**

The Receiver continues to request information, including supporting documentation, regarding (i) why and at whose behest the transfers of interest (“**TOI**”) were made; and (ii) what K&M did with the funds upon receipt and thereafter (together, the “**TOI Information**”).

The TOI Information includes, but is not limited to, a complete set of backup documentation for the TOIs such that the Receiver can determine the ultimate recipient of the funds transferred by Douglas Grozelle (“**Grozelle**”) to K&M. A list of the TOIs is attached as **Appendix “A”** to this letter.

In order to expedite the production of this information, the Receiver requests that K&M provide a signed direction addressed to Bank of Montreal (“**BMO**”), directing BMO to produce backup documentation for the TOIs and a copy of the account opening documents for the K&M bank account to the Receiver. A copy of a draft direction is included with this letter.

During its review of K&M's bank account statements, the Receiver identified the accounts listed below as recipients of funds from the account. The Receiver requests that K&M provide the identity of the account holders for the following bank account numbers:



The Receiver also reiterates its request for the TOI Information more generally.

### **Investee List**

In its September 11, 2023 letter, the Receiver requested a written explanation for and an accounting of K&M's participation in those companies listed on the Investee List (as defined in that letter). This request included not only a written response, but also relevant supporting documentation evidencing K&M's claims to equity, partnership rights, income, return of capital, or proceeds of any kind ("**Investee Request**").

While K&M has produced some documentation in response to the Investee Request, this documentation is incomplete.

Specifically, in respect of the Investees listed below, the following documents are outstanding:

- a. Aragon Restaurants Inc. ("**Aragon**"): a list of disbursements and income, supporting bank records documenting the amounts transferred by K&M to Aragon in connection with the investments in the restaurants, and documentation of the monthly loan repayments from each of the Aragon-owned restaurants to Grozelle;
- b. WorkDone Inc.: supporting bank records of the amounts invested in WorkDone Inc. as well as the return of the same, and any and all documents and contracts evidencing the initial investment;
- c. Cubed Biotech Inc. ("**CBI**"): records evidencing the source of funds invested in CBI, as well as complete documentation of K&M's equity interest in the same including share restructurings and share certificates;



- d. Drops Inc.: any and all documents evidencing the source of funds for the investment, contemporaneous records documenting the verbal agreement regarding the parties' respective interests, and backup documentation of all transfers to the entity;
- e. What's Inside Inc.: copies of any and all documents in the possession or control of K&M regarding this investment;
- f. Integrated Launcher Solutions Inc. ("ILS"): copies of the share certificates in ILS, documents evidencing the source of funds for the investment, a complete copy of the April 11, 2022 subscription document, and an unredacted copy of the Notice to Holder of Uncertificated Security;
- g. Beyond Desks Inc.: any and all documents regarding K&M's equity interest in the company including share purchase agreements and shareholder agreements, a copy of the convertible promissory note, and documents evidencing the investment and source of funds for the investment;
- h. Orcaex: a complete copy of the subscription agreement and complete entity name for Orcaex;
- i. Blogs4good: documents evidencing any and all funds transferred to the company by Grozelle and the source of the funds invested;
- j. Fluppy Dogs LLC: any and all documents evidencing Grozelle's "take over" of the loan including any assignment and assumption agreements, Grozelle's repayment of the loan to John McMullan, and repayment of the loan by Fluppy Dogs LLC and/or Spring Hickman;
- k. NFT Cards Canada Inc.: any and all documents evidencing the interests of K&M and/or Grozelle in the company and any restructuring of the same, including banking records evidencing the investment, and share certificates;
- l. DYAD/1A Motion Pictures: any and all documents evidencing the source of funds for the investment; and
- m. LOKRROOM: any and all documents evidencing the interests of Grozelle or those he invested on behalf of in the company including copies of the convertible notes, and banking records reflecting the investments.

The above list is not exhaustive but merely examples of documents that are responsive to the Investee Request. The Receiver reiterates the Investee Request for all relevant supporting documentation evidencing K&M's claims, as well as any records K&M may have evidencing those of Grozelle, to equity, partnership rights, income, return of capital, or proceeds of any kind relating to the Investees.



### **Additional Investees**

In Appendix "A" to the October Responses, K&M identified additional investments made by Grozelle ("**Additional Investees**"). As noted above, the Receiver has reviewed the information produced by K&M in respect of the Additional Investees, however, there are numerous Additional Investees for which no documentation has been produced, and other Additional Investees where the documentation produced is incomplete. Accordingly, and pursuant to paragraph 9 of the Receivership Order, the Receiver hereby requests that K&M provide any and all relevant supporting documentation evidencing Grozelle's investment and/or interest in the Additional Investees, including claims to equity, partnership rights, income, return of capital, or proceeds of any kind.

We look forward to hearing from you.

Thank you.

Yours truly,

MILLER THOMSON LLP

Per:



Erin Craddock,

- c. David Ward (Miller Thomson LLP)  
Daniel Wootton (Grant Thornton Limited)  
Roman Konovalov (Grant Thornton Limited)







January 11, 2024

**Erin Craddock**  
Direct Line: +1 416.595.8631  
ecraddock@millerthomson.com

**Delivered Via Email**

Necpal Litigation Professional Corporation  
55 University Avenue, Suite 1800  
Toronto, ON M5J 2H7

Attention: Justin Necpal (justin@necpal.com)

Dear Counsel:

**Re: Receivership of Douglas Grozelle and Douglas Grozelle o/a Grozelle Enterprises, Court File No.: 23-00082142-0000 (“Receivership Proceedings”)**

Thank you for taking the time to speak with us yesterday morning regarding the Receivership Proceedings.

Further to our discussion, the Receiver would be grateful if you would provide the following information:

1. Whether, in addition to acting for John McMullan, Krista McMullan, and K&M Venture Capital Group Inc. (“**K&M**”) you also act for (or anticipate receiving instructions to act for) some or all of the following companies: 2808227 Ontario Inc., 2841291 Ontario Inc., Beyond Desks Inc., Great Lakes Blockchain Inc., JMCM Investments Inc., LOKRROOM Inc., and Shipman’s Corners Inc. (collectively, the “**McMullan Companies**”);
2. Please advise whether or not K&M has employed the services of a bookkeeper, accountant, or legal counsel (other than your firm), and provide contact information for same;
3. Kindly advise as to the name of the person or firm that has possession of the corporate and accounting books and records of K&M, including minute book, shareholder register(s), etc. Further, does your client believe such records to be accurate and up-to-date?
4. Provide copies of the attachments to the emails produced to the Receiver on January 9, 2024;
5. Please identify all current shareholders of K&M and contact information for such shareholders. If the advice is that K&M is wholly or partly owned by one

or more companies, please advise as to the current ownership of the owner-entities (if known);

6. Between the date that K&M was incorporated (May 20, 2021) and today's date please advise as to whether or not the ownership of K&M has changed and provide relevant particulars; and
7. Please advise whether Krista McMullan or John McMullan are asserting any legal or beneficial interest in K&M or any of the McMullan Companies, whether directly or indirectly.

With regards to inquiry #7, we confirm our advice that the Receiver has strong reason to believe that K&M was substantially funded by monies raised and contributed by the receivership debtor, Mr. Grozelle. In all of the circumstances, the Receiver intends to seek broad ranging equitable relief from the court such as will allow for a proper accounting for and realization of K&M assets and investments.

We have instructions to work with you and your clients on all matters related to the Receiver's investigations, but most pressingly as follows:

- (a) we would like to resolve the terms of a consent receivership order over K&M (and such other entities as may be appropriate) that carves out, respects, and does not affect any K&M assets, property, or undertaking that our clients can agree is properly unrelated to Mr. Grozelle and the Receivership Proceedings. To this end, it is important that we understand the scope of the interest, if any, that the McMullans assert is personal to them and legitimately distinct and deserving of protection from the receivership administration; and
- (b) at this time, and on the assumption that we are able to make continued progress in narrowing and resolving matters, we are prepared to share a draft of relevant non-confidential portions of the Receiver's report with you for comment prior to the report being made public.

As noted during our call, we will also provide you with a draft receivership order in respect of K&M in advance of our planned call on **Wednesday, January 17, 2024, at 9:00am Toronto time.**



We look forward to receiving the requested information and discussing the scope of the receivership next week.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to read "Erin Craddock".

Erin Craddock,

- c. David Ward (Miller Thomson LLP)
- Daniel Wootton (Grant Thornton Limited)
- Roman Konovalov (Grant Thornton Limited)



# APPENDIX “P”

September 15, 2023

**SENT BY EMAIL**

Gina Rhodes  
Miller Thomson LLP  
[grhodes@millertomson.com](mailto:grhodes@millertomson.com)

Dear Counsel:

**Re: Grozelle receivership – John McMullan et al.**

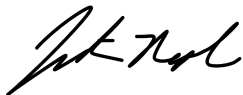
I am counsel to John McMullan, Krista McMullan, and K&M Venture Capital Group Inc.

We are in the process of reviewing your production request dated September 11, 2023 and expect to be in touch with you about it again next week. At this time, however, I can advise that my clients will regrettably not be in a position to meet your deadline of September 22<sup>nd</sup>, given the amount and nature of information you have requested.

We will make a specific proposal to you next week, once I have had an opportunity to get up to speed on the matter. I expect my clients will be prepared to make their productions on a rolling basis as much as possible.

Yours truly,

**NECPAL LITIGATION PROFESSIONAL CORPORATION**



Justin Necpal



September 26, 2023

**SENT BY EMAIL**

Gina Rhodes  
Miller Thomson LLP  
[grhodes@millerthomson.com](mailto:grhodes@millerthomson.com)

Dear Counsel:

**Re: Grozelle receivership – John McMullan et al.**

Further to our letter of September 15, 2023, we are writing to provide K&M's preliminary response to the Receiver's production request of September 11, 2023. We expect to complete K&M's response with additional information as soon as it is available, likely within 30 days.

For ease of reference, we have used the same ordering as your letter.

As a preliminary note, please be advised that K&M is owned by 2841291 Ontario Inc. and 2823295 Ontario Inc., not by 2808227 Ontario Inc. as suggested in your letter.

**A. Transactions of Interest (TOIs)**

Work is ongoing to review the TOIs and provide the written explanations and documentation requested. We expect to provide the responsive information within 30 days.

Our client notes that the list of TOIs includes transfers made to certain lenders through the K&M bank account. For the Receiver's reference, we have included a summary list of these payments in Appendix "A". Further details and documentation relating to these payments will be provided in our subsequent response.

**B. Investee List**

See our client's answers in Appendix "B".

We take this opportunity to advise that John is aware of other investments made by Doug Grozelle through K&M which are not listed. We trust you will advise if further details are required.

**C. Listing of banks etc.**

K&M used only one bank account – account number [REDACTED] at the Bank of Montreal (the "BMO Account"), which is now closed.

We are informed by our client that the BMO Account was used for multiple businesses, including K&M, 2808227 Ontario Inc., LOKRROOM, Beyond Desks, and Great Lakes Blockchain.

**D. Bank statements**

See enclosed statements for the period from account opening to closing, August 2021 to July 2023.

Our client is in the process of annotating the statements for the Receiver's reference.

**E. Ledgers etc.**

K&M has not created or maintained these types of records.

**F. Financial statements and tax returns**

K&M has not prepared financial statements.

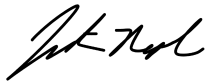
A T2 tax return was filed in respect of the 2021 tax year, a copy of which is enclosed. A return was not filed for 2022.

\*\*\*.

As noted, you can expect our client's further response within 30 days, which we trust is satisfactory. In the meantime, should you need any clarification regarding the information supplied with this letter, please do not hesitate to contact us.

Yours truly,

**NECPAL LITIGATION PROFESSIONAL CORPORATION**



Justin Necpal

Encls.



**Moffett, Darlene**

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Friday, October 20, 2023 8:32 PM  
**To:** Rhodes, Gina; Ward, David; Konovalov, Roman; Wootton, Daniel  
**Subject:** **[\*\*EXT\*\*]** Grozelle Receivership - Receiver's October 18th inquiry of John McMullan  
**Attachments:** Doug Restaurant Financials - Sheet1.pdf

Dear Counsel:

I was provided with a copy of an email inquiry that Mr. McMullan received directly from the Receiver's representative on October 18<sup>th</sup>.

As a matter of process going forward, please ensure that all correspondence to my clients regarding the Grozelle Receivership be directed to my attention.

With respect to the inquiry itself, my client's answers are as follows:

1. The deposits for July and August 2023 were made into the bank account of 2841291 Ontario Inc. The amounts deposited were:  
July 1: \$4,300 and \$6,250  
August 1: \$4,300 and \$6,250
2. A dividend of \$20,000 was paid on February 10th, of which Doug Grozelle's portion was \$5,500.
3. Doug Grozelle's portion is reflected in Appendix "A" to our September 26<sup>th</sup> letter; it is a simple percentage calculation as reflected therein. We further understand that the Receiver has confirmed these details with Aragon Restaurants and that arrangements have been made for the Receiver to receive a monthly amount based on Grozelle's percentage. We attach a spreadsheet for the Receiver's reference.

We trust this is satisfactory.

Yours truly,  
**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

55 University Ave, Suite 1800, Toronto, Ontario M5J 2H7  
Tel 416.294.7505 | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

-----



## Craddock, Erin

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Friday, October 20, 2023 8:04 PM  
**To:** Rhodes, Gina  
**Cc:** Ward, David; Wootton, Daniel; Konovalov, Roman  
**Subject:** **[\*\*EXT\*\*]** Re: Grozelle Receivership - K&M Venture Capital Inc et al  
**Attachments:** 2023 10 20 - Letter to Counsel.pdf; K&M\_Doug Grozelle Breakdown.pdf

Dear Counsel:

Please see attached correspondence and enclosure.

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

55 University Ave, Suite 1800, Toronto, Ontario M5J 2H7  
Tel 416.294.7505 | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Rhodes, Gina <grhodes@millertomson.com>  
**Date:** Monday, October 16, 2023 at 8:52 AM  
**To:** Justin Necpal <justin@necpal.com>  
**Cc:** Ward, David <dward@millertomson.com>, Wootton, Daniel <Dan.Wootton@ca.gt.com>, Konovalov, Roman <Roman.Konovalov@ca.gt.com>  
**Subject:** Grozelle Receivership - K&M Venture Capital Inc et al

Dear Counsel,

Please see attached correspondence.

Thank you,

**GINA RHODES**  
Associate

**MILLER THOMSON LLP**  
Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.4321  
[grhodes@millertomson.com](mailto:grhodes@millertomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

CONFIDENTIALITY: This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de s'en [désabonner](#) à tout moment.

CONFIDENTIALITÉ: Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspectes.

October 20, 2023

**SENT BY EMAIL**

Gina Rhodes  
Miller Thomson LLP  
[grhodes@millerthomson.com](mailto:grhodes@millerthomson.com)

Dear Counsel:

**Re: Grozelle receivership – John McMullan et al.**

Further to our letter of September 26, 2023, we are writing to provide K&M's further response to the Receiver's production request of September 11, 2023.

**A. Transactions of Interest (TOIs)**

Our client has prepared the enclosed table, entitled "Doug Transfers", which identifies, for each TOI, the destination of funds received from Doug Grozelle. The table provides a breakdown of how funds were allocated and distributed, as best as our client can determine based on the information on hand at this time.

Sources used for our client's information about the destination of funds include the BMO bank statements themselves (which provide, in some cases such as wire transfers, identifying information about the recipient, unlike outgoing EFTs and e-transfers) and the investment contract and expense documentation which has been or will be provided to you. Our client has also referred to contemporaneous communications or made recent inquiries of the parties who received the funds, which assist in matching up the incoming and outgoing transfers. Our client also has their own personal knowledge concerning the timing of, and relationship between, transactions.

To the extent that documentation exists beyond what has already been produced, our client is in the process of organizing it and we will provide it to you as soon as possible.

We also point out that there is a discrepancy of approximately \$750,000 between the amounts of the incoming and outgoing transfers. Our client explains that this is due to a number of factors, including the fact that the BMO account was used for multiple businesses, the fact that the breakdown amounts in the table at times reflect a mix of Doug Grozelle's funds and the funds of others, and the fact that Doug Grozelle would at times send funds significantly later or earlier than the time of the investment, making it difficult to match his transfers to outgoing transfers. In other words, the exercise of matching incoming transfers to outgoing transfers relies on the best information available and cannot be done quickly with precision. A further examination of the specific investment contracts might therefore be warranted to parse out what exactly belongs to Doug Grozelle.

## **B. Investee List**

In our previous letter, we advised that John McMullan is aware of other investments made by Doug Grozelle through K&M which were not listed in your Investee List. You recently asked our client to provide this information. Please see our client's additional information in this regard in Appendix "A". We are also currently processing related documentation to produce to the Receiver next week.

In your letter of October 16, 2023, you stated that our client's response with respect to your Investee List was generally deficient. We disagree. The information provided in our letter and the accompanying documentation was responsive to the request made in your September 11<sup>th</sup> letter for "a written explanation for and accounting of K&M's participation in such investments, including relevant supporting documentation evidencing K&M's claims to equity, partnership rights, income, return of capital, or proceeds of any kind." If you have specific follow-up questions, rather than a general complaint, our client would be happy to consider them.

You also stated in your October 16<sup>th</sup> letter that the information supplied by our client in our September 26<sup>th</sup> letter "contradicts prior communications McMullan has had with the Receiver," giving the sole example of the DYAD LLC matter. Our understanding, however, is that there is no contradiction, as Mr. McMullan did not advise the Receiver that he had no involvement with DYAD or was not aware of Doug Grozelle's involvement with DYAD. According to the relevant email chain with the Receiver, Mr. McMullan advised (1) that he could not locate a contract between Grozelle and DYAD even though he had recalled seeing one, (2) that K&M did not have an agreement with DYAD, and (3) that K&M had not invested with DYAD. None of this is inconsistent with our September 26<sup>th</sup> letter, which advises that John and Krista had invested in DYAD through their holding companies (specifically Krista's holding company, 2841291 Ontario Inc.). Mr. McMullan's advice to the Receiver is also not inconsistent with his stated belief that Doug Grozelle sent funds to DYAD on Mr. McMullan's behalf. While it might be that those funds happened to flow through the K&M bank account for reasons previously given, at this time our client cannot confirm this one way or the other. Further examination is required. In the meantime, if the Receiver has specific follow-up questions, our client is prepared to answer them to the best of their ability.

As mentioned, we expect to be in touch with you again next week with further information.

Yours truly,

**NECPAL LITIGATION PROFESSIONAL CORPORATION**



Justin Necpal

Encl.



## Craddock, Erin

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Tuesday, October 31, 2023 3:21 PM  
**To:** Rhodes, Gina  
**Cc:** Ward, David; Wootton, Daniel; Konovalov, Roman  
**Subject:** [\*\*EXT\*\*] Re: Grozelle Receivership - K&M Venture Capital Inc et al

Dear Counsel:

As promised in our letter of October 20<sup>th</sup>, the following link contains additional documents relating to our client's response to the Receiver's production request of September 11<sup>th</sup>:

<https://www.dropbox.com/scl/fo/uq1eixh0adbqw8ru2tkah/h?rlkey=96n0gvklwwno86zh56g3nuym&dl=0>

Our client reserves the right to supplement this response as further information becomes available.

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

55 University Ave, Suite 1800, Toronto, Ontario M5J 2H7

Tel 416.294.7505 | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Justin Necpal <justin@necpal.com>  
**Date:** Friday, October 20, 2023 at 8:03 PM  
**To:** Rhodes, Gina <grhodes@millertomson.com>  
**Cc:** Ward, David <dward@millertomson.com>, Wootton, Daniel <Dan.Wootton@ca.gt.com>, Konovalov, Roman <Roman.Konovalov@ca.gt.com>  
**Subject:** Re: Grozelle Receivership - K&M Venture Capital Inc et al

Dear Counsel:

Please see attached correspondence and enclosure.

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

55 University Ave, Suite 1800, Toronto, Ontario M5J 2H7

Tel 416.294.7505 | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Rhodes, Gina <grhodes@millertomson.com>  
**Date:** Monday, October 16, 2023 at 8:52 AM  
**To:** Justin Necpal <justin@necpal.com>

**Cc:** Ward, David <dward@millerthomson.com>, Wootton, Daniel <Dan.Wootton@ca.gt.com>, Konovalov, Roman <Roman.Konovalov@ca.gt.com>

**Subject:** Grozelle Receivership - K&M Venture Capital Inc et al

Dear Counsel,

Please see attached correspondence.

Thank you,

**GINA RHODES**  
Associate

**MILLER THOMSON LLP**  
Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.4321  
[grhodes@millerthomson.com](mailto:grhodes@millerthomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

CONFIDENTIALITY: This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de s'en [désabonner](#) à tout moment.

CONFIDENTIALITÉ: Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.



## Craddock, Erin

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Thursday, December 14, 2023 5:08 PM  
**To:** Craddock, Erin  
**Cc:** Ward, David; Sellers, Kim; Roman.Konovalov@ca.gt.com; Dan.Wootton@ca.gt.com  
**Subject:** [\*\*EXT\*\*] Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)  
**Attachments:** 2023 12 14 - Letter to Counsel.pdf

Dear Counsel:

Please see our attached letter and enclosures which have been sent via TitanFile:

<https://app.titanfile.com/channels/wchnu6/files/#>

Yours truly,

**Justin Necpal**

### NECPAL LITIGATION PROFESSIONAL CORPORATION

Tel 416.294.7505 | [justin@necpal.com](mailto:justin@necpal.com) | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Sellers, Kim <ksellers@millertthomson.com>  
**Date:** Wednesday, November 15, 2023 at 2:56 PM  
**To:** Justin Necpal <justin@necpal.com>  
**Cc:** Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com <Dan.Wootton@ca.gt.com>, Craddock, Erin <ecraddock@millertthomson.com>, Ward, David <dward@millertthomson.com>  
**Subject:** Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Good afternoon,

Please see the attached correspondence of today's date from Erin Craddock.

Regards,

**KIM SELLERS**  
Legal Assistant

**MILLER THOMSON LLP**  
Services provided through Miltom Management LP

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.6070  
[ksellers@millertthomson.com](mailto:ksellers@millertthomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

CONFIDENTIALITY: This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de [désabonner](#) à tout moment.

CONFIDENTIALITÉ: Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspectes.

-----

December 14, 2023

**SENT BY EMAIL**

Erin Craddock  
Miller Thomson LLP  
[ecraddock@millthomson.com](mailto:ecraddock@millthomson.com)

Dear Counsel:

**Re: Grozelle receivership – John McMullan et al.**

We write in response to your letter of November 15, 2023.

**A. Transactions of Interest (TOIs)**

Our client has provided all available relevant and responsive information in relation to the TOIs, including in respect of the two questions posed: (1) why and at whose behest the transfers of interest were made; and (2) what K&M did with the funds upon receipt and thereafter.

To illustrate and assist you by way of some examples:

- On September 17, 2021, funds in the amount of \$19,000 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. Our client advised in our October 20<sup>th</sup> materials that this was a payment in respect of "Spring – Fluppy"; and indeed, the very next transaction reflected in the bank statement on September 20, 2021 was a wire payment made to Spring Hickman in the amount of \$19,433.70. We explained our client's involvement with Spring Hickman/Fluppy Dogs in our September 26, 2023 letter.
- On September 24, 2021, funds in the amount of \$32,000 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. This was a transfer in respect of an investment in MOKO, which occurred the same day, as reflected in the wire confirmation document and the bank statement confirming the transfer to Thomas Cantley/MOKO in the amount of CAD\$31,898.75/USD\$25,000. We have provided you with all available information and documents concerning the investment in MOKO.
- On October 25, 2021, funds in the amount of \$14,000 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. This was a transfer in respect of the investment in the Stephen Baldwin/Bev Mitchell TV shows which occurred the same day, as reflected in the wire confirmation document and the bank statement confirming the transfer to Hive Entertainment in the amount of CAD\$13,369.42/USD\$10,684.00 (for "payment for Stephen Baldwin 5k payment for Bev Mitchell 5,684").

- On October 27, 2021, funds in the amount of \$94,500 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. This was a transfer in respect of an investment in MOKO, which occurred the same day, as reflected in the wire confirmation document and the bank statement confirming the transfer to Thomas Cantley/MOKO in the amount of CAD\$93,217.50/USD\$75,000.
- On October 29, 2021, funds in the amount of \$13,000 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. This was a transfer in respect of an investment in MOKO, which occurred the same day, as reflected in the wire confirmation document and the bank statement confirming the transfer to Thomas Cantley/MOKO in the amount of CAD\$12,521.90/USD\$10,000.
- On February 1, 2022, funds in the amount of \$50,000 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. This was a transfer in respect of a loan repayment to Omar Nadim, which was made from the BMO account on February 1 and 3, 2022 to Omar Nadim via three e-transfers, as reflected in the INTERAC e-transfer confirmations previously provided to you and the bank statement. Similar transactions occurred in respect of a further loan repayment to Omar Nadim on February 3 and 4, 2022. In our September 26, 2023 letter, we identified Mr. Nadim as a lender to whom payments of \$150,000 were made from the BMO account.
- On April 14, 2022, funds in the amount of \$32,000 were received in K&M's BMO bank account from Doug Grozelle's account number [REDACTED]. This was a transfer in respect of an investment in Bloqs4Good, which occurred on April 20, 2022, as reflected in the bank statement confirming the wire payment to Bloqs4Good Canada Inc. in the amount of CAD\$31,502.25/USD\$25,000. We provided our client's information about this investment in our September 26, 2023 letter.

These are just a few examples to demonstrate that our client has answered your inquiry. If the Receiver has specific follow-up questions, in relation to specific TOIs, our client is fully prepared to answer them. We appreciate that there are many transactions to review and that the relationship between incoming and outgoing transfers is not always as readily apparent as the examples above. We previously explained in our October 20<sup>th</sup> letter that this is due to a number of factors, including the fact that the BMO account was used for multiple businesses and the fact that Doug Grozelle would at times send funds significantly later or earlier than the time of the investment, making it difficult to match his transfers to outgoing transfers.

With respect to backup documentation, our understanding is that our client has provided all available backup documentation for the TOIs, and there do not appear to be any unexplained deficiencies. We refer you to the backup documents provided in the "Transactions of Interest" folder in our client's production of October 31, 2023.

Further, we can advise that our client requested copies of EFT records, but BMO advised that, due to the account being closed, there are no further records available for those types of transactions. We have enclosed a copy of BMO's correspondence in this regard.

We also note that your list of TOIs appended to your November 15<sup>th</sup> letter (the "**Second TOI List**") has changed from the list you initially provided on September 11, 2023 (the "**First TOI List**"). Our client provided responsive information to the First TOI List. They have also now reviewed your Second TOI List, which appears to consist largely of electronic transfers. As noted, our client has been advised by BMO that there are no further records available for EFT transactions, due to the

account being closed. There are a number of transactions in the Second TOI List for which our client can provide further information below:

- The \$5,000 deposit on August 24, 2021 was received from Nick Tansley in respect of the investment in Integrated Launcher Solutions. Mr. McMullan received the deposit via text and does not have an email confirmation of this transaction.
- The \$200,000 deposit on September 1, 2021 was received from Keith Booth, a lender. Copies of the bank draft and the deposit receipt are enclosed.
- The \$3,000 INTERAC e-transfer received on October 20, 2021 was received from John McMullan. A copy of the e-transfer email confirmation is enclosed.
- The \$3,000 INTERAC e-transfer received on November 8, 2021 was received from Doug Grozelle "For Ty" (referring to Thabiti Twine, the COO of MOKO, among other positions). A copy of the INTERAC e-transfer record is enclosed.
- The \$150,000 deposit on December 3, 2021 was received from Omar Nadim, a lender. A copy of the RBC bank draft (reflecting "Omar Nadim" as purchaser) and the deposit receipt are enclosed.
- The \$157,360 deposit (USD\$120,000) on April 19, 2022 was received from an investor in Great Lakes Blockchain, although Mr. McMullan cannot recall which investor it was since a number of investors gave the same amount (possibly Brad Smith). The funds were then transferred to Root Host in Colorado.
- The \$10,000 INTERAC e-transfer received on September 14, 2022 was received from 13876985 Canada Inc./Rob Lee in respect of LOKRROOM. A copy of the e-transfer email confirmation is enclosed.
- The \$9,764.75 INTERAC e-transfer received on September 16, 2022 was received from 13876985 Canada Inc./Rob Lee in respect of LOKRROOM. A copy of the e-transfer email confirmation is enclosed.
- The \$25,000 INTERAC e-transfer sent on November 16, 2022 was sent to Jacob Mair, to return funds that were not required. A copy of the e-transfer email confirmation is enclosed.
- The \$5,000 INTERAC e-transfer sent on November 21, 2022 was sent to Jacob Mair. A copy of the e-transfer email confirmation is enclosed.
- The \$2,008.62 INTERAC e-transfer sent on April 3, 2023 was sent to Brian McMullan for the restaurant investments. A copy of the e-transfer email confirmation is enclosed.
- The \$2,469.25 INTERAC e-transfer sent on April 3, 2023 was sent to Hardial Singh for the restaurant investments. A copy of the e-transfer email confirmation is enclosed.
- The \$10,000 INTERAC e-transfer sent on April 6, 2023 was sent to John McMullan. A copy of the e-transfer email confirmation is enclosed.
- The \$10,000 INTERAC e-transfer sent on April 6, 2023 was sent to Bloqs4Good. A copy of the e-transfer email confirmation is enclosed.

- The \$2,008.62 INTERAC e-transfer sent on May 3, 2023 was sent to Brian McMullan for the restaurant investments. A copy of the e-transfer email confirmation is enclosed.
- The \$2,000 INTERAC e-transfer received on May 18, 2023 was received from John McMullan. A copy of the e-transfer email confirmation is enclosed.
- The \$1,246 INTERAC e-transfer received on May 23, 2023 was received from John McMullan. A copy of the e-transfer email confirmation is enclosed.
- The \$3,975.68 INTERAC e-transfer received on May 29, 2023 was received from John McMullan. A copy of the e-transfer email confirmation is enclosed.
- The \$2,500 INTERAC e-transfer sent on June 5, 2023 was sent to Aragon Restaurants Inc. to pay back an overpayment. A copy of the e-transfer email confirmation is enclosed.

With respect to the list of bank account numbers on page 2 of your letter, please see the requested identifying information below:

 - Brian Byrne/NFT Cards Canada  
- Daniele Aarssen  
- Lokrroom  
- Veronique Audette  
- Kyle McDonald  
- Sam Drage  
- Guy Lavallee/John McMullan  
- John McMullan  
- Krista McMullan

## **B. Investee List**

### **1. Aragon Restaurants Inc.**

We re-iterate that K&M does not have an interest in Aragon Restaurants Inc. ("**Aragon**").

Our client identified one e-transfer to Aragon on June 5, 2023 but this was to correct an accidental overpayment by Aragon. Apart from that instance, K&M has made no transfers to Aragon.

Please advise whether you have overlooked the detailed information we provided in our September 26, 2023 letter and our October 20, 2023 email concerning Aragon, and specifically with respect to the agreements between Aragon and 28008227 Ontario Inc. Among other things, we provided a spreadsheet showing a breakdown of income and disbursements. We understand that our client has no further documentation.

### **2. WorkDone Inc.**

Enclosed is a copy of the SAFT agreement. Our client has no further records in relation to this investment.

### **3. Cubed Biotech Inc.**

Enclosed are copies of the share certificates reflecting 2800700 Ontario Inc.'s ownership.

The investment was paid for by John McMullan, by a transfer to Christopher Chetty, the owner of 2800700 Ontario Inc. A deposit slip showing the deposit made, and the direct deposit information of Christopher Chetty, are enclosed.

#### **4. Ddrops Inc.**

The available backup records for the wire transfers to Ddrops Inc. from the K&M bank account were provided in our production of October 31, 2023. There are no other records available, other than the bank statements that have already been provided.

There are no contemporaneous records evidencing the verbal agreement. The involvement of John McMullan, Brian Byrne and Doug Grozelle in this investment is reflected in the enclosed two emails.

#### **5. What's Inside Inc.**

As previously advised, K&M has no interest in this company. We have no information about it.

#### **6. Integrated Launcher Solutions Inc.**

Our client has no further information to provide. The copy of the subscription agreement provided to you on October 31, 2023 is the only version our client has. Our client does not have share certificates for this investment. Our client is also unsure why the document titled "Notice to Holder of Uncertificated Security" appears to be redacted; our client did not make the redaction.

#### **7. Beyond Desks Inc.**

Our client has no further information to provide. They are not aware of any convertible notes.

#### **8. Orcaex**

As previously advised, K&M has no interest in this company. A copy of Doug Grozelle's Investor Suitability Questionnaire is enclosed; our client has no further documents to provide. The company's name is Quorum Access International LLC.

#### **9. Bloqs4Good**

A wire transfer in the amount of \$31,502.25 was made from the BMO account to Bloqs4Good on April 20, 2022. The source of the funds was Doug Grozelle (\$32,000 on April 14, 2022, as reflected in the bank statement), who had received funds from Christopher Chivers in approximately early 2021. The investment was made by Doug Grozelle on behalf of Christopher Chivers. We enclose a text message obtained from Brian Byrne, with Christopher Chivers, confirming that Christopher Chivers invested USD\$25,000 in Bloqs4Good. Mr. McMullan also spoke to Mr. Chivers and confirmed that Mr. Chivers had sent his funds to Doug Grozelle.

#### **10. Fluppy Dogs LLC**

No agreement was finalized in respect of Doug Grozelle's assumption of the loan. Our client is prepared to execute any necessary documents to remit the 5% commission entitlement to the Receiver.

Our client has located certain texts that reflect Doug Grozelle's assumption of the loan. Copies are enclosed.

**11. NFT Cards Canada Inc.**

We previously provided the shareholders' agreement dated June 1, 2022. We have enclosed the original shareholders' agreement dated June 30, 2021.

We have also enclosed a draft agreement between NFTXCards and Force One Capital in relation to a potential restructuring of the company.

Our client suggests the Receiver contact Sabir Magdeev, the company's CEO (before it ceased operations), for any required restructuring documents or share certificates.

**12. DYAD / 1A Motion Pictures**

Our client is unaware of Doug Grozelle's source of funds.

**13. LOKRROOM**

We have enclosed the two documents in our client's possession in respect of your inquiry. The first is a General Business Ownership Agreement between Grozelle Enterprises and 1834537 Ontario Inc., apparently reflecting an agreement concerning ownership interests in LOKRROOM.

The second is a Convertible Note Agreement between LOKRROOM and 1834537 Ontario Inc., reflecting a debt of US\$20,000 owed by LOKRROOM.

LOKRROOM did not issue shares to any investors.

**C. Additional Investees**

Our client has no further information to provide concerning these additional investments. All available information has been provided.

Yours truly,

**NECPAL LITIGATION PROFESSIONAL CORPORATION**



Justin Necpal

Encls.



## Craddock, Erin

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Tuesday, January 2, 2024 1:09 PM  
**To:** Craddock, Erin  
**Cc:** Ward, David; Sellers, Kim; Roman.Konovalov@ca.gt.com; Dan.Wootton@ca.gt.com  
**Subject:** [\*\*EXT\*\*] Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)  
**Attachments:** Taxsoft Share Certificate.pdf

Counsel:

Further to our letter of December 14, 2023, we wish to advise of the following supplemental information concerning our client's knowledge of investments made by Douglas Grozelle.

Taxsoft Solutions Inc., operating as Incometax.ca, is a business that our client previously mentioned to the Receiver on July 19, 2023. A large group of investors invested collectively, including John McMullan, John Williams and Douglas Grozelle among others, but our client is currently unsure what amount was invested by each investor. Mr. McMullan understands Mr. Williams invested \$75,000. A copy of the share certificate reflecting the investment is enclosed.

Our client is making further inquiries for additional information about this investment, but in the meantime if the Receiver has any related information to share concerning Douglas Grozelle's investment in Incometax.ca, that information would be of assistance.

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

Tel 416.294.7505 | [justin@necpal.com](mailto:justin@necpal.com) | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Justin Necpal <justin@necpal.com>  
**Date:** Thursday, December 14, 2023 at 5:08 PM  
**To:** Craddock, Erin <ecraddock@millerthomson.com>  
**Cc:** Ward, David <dward@millerthomson.com>, Sellers, Kim <ksellers@millerthomson.com>, Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com <Dan.Wootton@ca.gt.com>  
**Subject:** Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Dear Counsel:

Please see our attached letter and enclosures which have been sent via TitanFile:

<https://app.titanfile.com/channels/wchnu6/files/#>

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

Tel 416.294.7505 | [justin@necpal.com](mailto:justin@necpal.com) | [www.necpal.com](http://www.necpal.com)

---

**From:** Sellers, Kim <ksellers@millerthomson.com>  
**Date:** Wednesday, November 15, 2023 at 2:56 PM  
**To:** Justin Necpal <justin@necpal.com>  
**Cc:** Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com <Dan.Wootton@ca.gt.com>, Craddock, Erin <ecraddock@millerthomson.com>, Ward, David <dward@millerthomson.com>  
**Subject:** Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Good afternoon,

Please see the attached correspondence of today's date from Erin Craddock.

Regards,

**KIM SELLERS**  
Legal Assistant

**MILLER THOMSON LLP**  
Services provided through Miltom Management LP

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.6070  
[ksellers@millerthomson.com](mailto:ksellers@millerthomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

**CONFIDENTIALITY:** This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de [désabonner](#) à tout moment.

**CONFIDENTIALITÉ:** Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise

est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

-----



## Craddock, Erin

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Monday, January 8, 2024 10:36 AM  
**To:** Craddock, Erin  
**Cc:** Ward, David; Sellers, Kim; Roman.Konovalov@ca.gt.com; Dan.Wootton@ca.gt.com  
**Subject:** [\*\*EXT\*\*] Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)  
**Attachments:** BMO Authorization.pdf

Counsel:

As requested, please find attached my client's executed Authorization and Direction to the Bank of Montreal.

**Justin Necpal**

### NECPAL LITIGATION PROFESSIONAL CORPORATION

Tel 416.294.7505 | justin@necpal.com | www.necpal.com

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Justin Necpal <justin@necpal.com>  
**Date:** Thursday, December 14, 2023 at 5:08 PM  
**To:** Craddock, Erin <ecraddock@millerthomson.com>  
**Cc:** Ward, David <dward@millerthomson.com>, Sellers, Kim <ksellers@millerthomson.com>, Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com <Dan.Wootton@ca.gt.com>  
**Subject:** Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Dear Counsel:

Please see our attached letter and enclosures which have been sent via TitanFile:

<https://app.titanfile.com/channels/wchnu6/files/#>

Yours truly,

**Justin Necpal**

### NECPAL LITIGATION PROFESSIONAL CORPORATION

Tel 416.294.7505 | justin@necpal.com | www.necpal.com

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Sellers, Kim <ksellers@millerthomson.com>  
**Date:** Wednesday, November 15, 2023 at 2:56 PM  
**To:** Justin Necpal <justin@necpal.com>  
**Cc:** Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com <Dan.Wootton@ca.gt.com>, Craddock, Erin <ecraddock@millerthomson.com>, Ward, David <dward@millerthomson.com>  
**Subject:** Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Good afternoon,

Please see the attached correspondence of today's date from Erin Craddock.

Regards,

**KIM SELLERS**  
Legal Assistant

**MILLER THOMSON LLP**  
Services provided through Miltom Management LP

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.6070  
[ksellers@millerthomson.com](mailto:ksellers@millerthomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

CONFIDENTIALITY: This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de s'en [désabonner](#) à tout moment.

CONFIDENTIALITÉ: Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

-----



## Craddock, Erin

---

**From:** Justin Necpal <justin@necpal.com>  
**Sent:** Tuesday, January 9, 2024 3:38 PM  
**To:** Craddock, Erin  
**Cc:** Ward, David; Sellers, Kim; Roman.Konovalov@ca.gt.com; Dan.Wootton@ca.gt.com  
**Subject:** [\*\*EXT\*\*] Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)  
**Attachments:** 2024 01 09 - Letter to Counsel.pdf

Dear Counsel:

Please see our attached letter and enclosures which have been sent via TitanFile:

<https://app.titanfile.com/channels/wchnu6/files/#>

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

Tel 416.294.7505 | [justin@necpal.com](mailto:justin@necpal.com) | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Justin Necpal <justin@necpal.com>  
**Date:** Thursday, December 14, 2023 at 5:08 PM  
**To:** Craddock, Erin <ecraddock@millertthomson.com>  
**Cc:** Ward, David <dward@millertthomson.com>, Sellers, Kim <ksellers@millertthomson.com>, Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com <Dan.Wootton@ca.gt.com>  
**Subject:** Re: Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Dear Counsel:

Please see our attached letter and enclosures which have been sent via TitanFile:

<https://app.titanfile.com/channels/wchnu6/files/#>

Yours truly,

**Justin Necpal**

**NECPAL LITIGATION PROFESSIONAL CORPORATION**

Tel 416.294.7505 | [justin@necpal.com](mailto:justin@necpal.com) | [www.necpal.com](http://www.necpal.com)

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

---

**From:** Sellers, Kim <ksellers@millertthomson.com>  
**Date:** Wednesday, November 15, 2023 at 2:56 PM  
**To:** Justin Necpal <justin@necpal.com>  
**Cc:** Roman.Konovalov@ca.gt.com <Roman.Konovalov@ca.gt.com>, Dan.Wootton@ca.gt.com

<Dan.Wootton@ca.gt.com>, Craddock, Erin <ecraddock@millerthomson.com>, Ward, David <dward@millerthomson.com>

**Subject:** Receivership Order Douglas Grozelle (Court File No.: 23-00082142-0000)

Good afternoon,

Please see the attached correspondence of today's date from Erin Craddock.

Regards,

**KIM SELLERS**  
Legal Assistant

**MILLER THOMSON LLP**  
Services provided through Miltom Management LP

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
T +1 416.597.6070  
[ksellers@millerthomson.com](mailto:ksellers@millerthomson.com)



[Subscribe to our newsletters](#)

You can [subscribe](#) to Miller Thomson's free electronic communications, or [unsubscribe](#) at any time.

CONFIDENTIALITY: This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation. This message has not been encrypted. Special arrangements can be made for encryption upon request. If you no longer wish to receive e-mail messages from Miller Thomson, please contact the sender.

Visit our website at [www.millerthomson.com](http://www.millerthomson.com) for information about our firm and the services we provide.

Il est possible de [s'abonner](#) aux communications électroniques gratuites de Miller Thomson ou de s'en [désabonner](#) à tout moment.

CONFIDENTIALITÉ: Ce message courriel (y compris les pièces jointes, le cas échéant) est confidentiel et destiné uniquement à la personne ou à l'entité à qui il est adressé. Toute utilisation ou divulgation non permise est strictement interdite. L'obligation de confidentialité et de secret professionnel demeure malgré toute divulgation. Si vous avez reçu le présent courriel et ses annexes par erreur, veuillez nous en informer immédiatement et le détruire. Nous vous remercions de votre collaboration. Le présent message n'a pas été crypté. Le cryptage est possible sur demande spéciale. Communiquer avec l'expéditeur pour ne plus recevoir de courriels de la part de Miller Thomson.

Pour tout renseignement au sujet des services offerts par notre cabinet, visitez notre site Web à [www.millerthomson.com](http://www.millerthomson.com)

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspectes.

-----

January 9, 2024

**SENT BY EMAIL**

Erin Craddock  
Miller Thomson LLP  
[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)

Dear Counsel:

**Re: Grozelle receivership – John McMullan et al.**

We write to provide the following supplemental information and enclosed documents on behalf of K&M Venture Capital Group Inc.:

- A. Supplemental information and documents regarding the entities listed in the Investee List (described further below in Section A);
- B. Supplemental information and documents regarding the entities defined by the Receiver as the Additional Investees (described further below in Section B);
- C. All WhatsApp chats with Doug Grozelle in our client's possession (71 chat threads);
- D. All emails with Doug Grozelle in our client's possession (196 email chains since September 11, 2020, which was around the time when Mr. McMullan met Mr. Grozelle to invest in Mr. Grozelle's travel company);
- E. All text messages with Doug Grozelle in our client's possession (848 pages with Doug Grozelle, organized by month, and 72 pages of a group chat with Doug Grozelle and Brian Byrne);
- F. A collection of emails from Doug Grozelle to undisclosed recipients which were forwarded to Mr. McMullan in confidence by certain recipients;
- G. Bank statements for 2841291 Ontario Inc. (part owner of K&M) since account opening on December 14, 2022;
- H. Bank statements for JMCM Investments Inc. since account opening on January 16, 2023;
- I. Two promissory notes for monies loaned to Doug Grozelle; one from February 12, 2022 for \$1,497,000 and another from February 3, 2022 for \$199,000 for Rachel Bhakta;
- J. A letter (filename "Business letter.pdf") from K&M to the Bank of Montreal, dated December 30, 2021, advising that Doug Grozelle and Ross Grozelle own 49% of K&M, that K&M invests in early-stage technology startups in Canada and the United States,

and that K&M's then-current investment portfolio was valued at \$15.9 million CAD. This \$15.9 CAD million figure was based on the value of the startup investments at the time (the main businesses were MOKO, Beyond Desks, Great Lakes Blockchain, and NFTX). These valuations are now outdated;

- K. Miscellaneous files relating to matters involving Doug Grozelle (described further below at the end of this letter).

We have also included further information regarding Taxsoft Solutions Inc./Incometax.ca, which we raised with you in our email of January 2, 2024. We have included this information in Section B below regarding the Additional Investees.

For the Receiver's assistance, our client has also prepared the enclosed Investment Pathway document, showing the connection between Mr. Grozelle, each of the companies, and any parties in between. Our client has also stated their belief as to whether each company is still active.

#### **A. Investee List**

Please see the following additional documents enclosed.

##### **1. Common Ground**

- a. Email from Jon Williams to John McMullan and Doug Grozelle.
- b. Email from JP Borchardt advising that the movie is not finished because \$50,000 was not paid.

##### **2. Cubed Biotech Inc.**

- a. A text message from Mr. Grozelle referencing paying Mr. McMullan \$50,000 for Cubed on May 20, 2022.
- b. Investor Deck reflecting (at p. 18) that when Force One pitched the company to the group, an IPO was anticipated at 50 cents per share on February 15, 2022.

##### **3. NFT Cards Canada Inc.**

- a. Investor Deck, showing a valuation of \$8.625 million.
- b. Long email chain with Force One, Mr. Grozelle and NFT Cards Canada. Page 12 references Mr. Grozelle asking how to pay the invoices.
- c. Email from Mr. Grozelle requesting a meeting to discuss Mr. Rossi's involvement.
- d. Audio message from Mr. Grozelle discussing Rossi and NFTX.
- e. Text from Mr. Grozelle about speaking to Mr. Rossi.
- f. Text from Mr. Grozelle regarding a plan for NFTX to raise funds.

**4. Quorum Access (Orcaex)**

- a. Email from Mr. Grozelle to Jeff Lamkin of Quorum Access regarding his investment.

**5. What's Inside**

- a. Mr. McMullan has located 2 text messages from Mr. Grozelle that reference a "sex toy company" owned by Ryan Cartier and Nick Tansley. Our clients did not invest in this company.

**6. Beyond Desks (Veronique Audette)**

- a. Mr. McMullan's complete company file.
- b. Email referencing Mr. Grozelle's attendance at a Six Nations Reserve with Veronique Audette to discuss partnering with a local indigenous school for the company.
- c. Text from Mr. Grozelle discussing what to name the company.

**7. Fluppy Dogs**

- a. An email chain with Iris Fal (Doug's lawyer), Doug and Spring Hickman discussing the initial contract.

**8. LOKRROOM**

- a. Bank statements since account opening.
- b. Mr. McMullan's complete company file.

**9. Aragon Restaurants Inc.**

- a. As we advised in our letter of September 26, 2023, 2808227 Ontario Inc. holds minority equity interests in three restaurants owned by Aragon. For completeness, we enclose a copy of Mr. McMullan's file in respect of 2808227 Ontario Inc.

**B. Additional Investees**

Please see the additional information below and documents enclosed.

**1. Taxsoft Solutions Inc.**

- a. In response to your email of January 4, 2024: Mr. McMullan spoke to Roman Konovalov and Daniel Wootton via Microsoft Teams on July 19, 2023. If the meeting was recorded or notes were taken, the discussion of Taxsoft/Incometax.ca occurred about 28 minutes into the call.
- b. With respect to the share transfer in which Mr. McMullan was involved, Mr. McMullan received a request from Jon Williams, asking that Mr. Williams' 500,000 shares be transferred from Mr. McMullan's holdco (JMCM Investments Inc.) to Mr.

Williams' holdco. We have enclosed this text conversation for your review. A copy of the Shareholders' Resolution authorizing the transfer of shares is also enclosed.

- c. Mr. McMullan has gone through messages at your request and believes Mr. Grozelle/the Receiver is entitled to 133,333 shares (15 cents each for \$20,000). Mr. Grozelle invested \$5,000 as part of a \$25,000 investment and \$15,000 as part of a \$30,000 investment. We have enclosed the texts referencing this.
- d. Mr. McMullan has also located texts from Mr. Grozelle stating that since the time of Mr. Grozelle and Mr. McMullan's combined \$30,000 investment, things seem to have changed with the company, and he does not wish to invest further.
- e. For clarity, when the company was pitched to the group by Force One, the website was supposed to launch 2 ½ years ago but it is still just a generic website. A text message referencing the apparent launch of the app by Chris Chetty in late 2021 is enclosed.
- f. The investment deck is enclosed. It indicates (on pp. 8-9) a launch date of July 2021, with revenue of \$77,508,594 at the end of 2023.
- g. Mr. McMullan believes the company sent each investor a separate subscription agreement but did not sign it. They then sent K&M a larger subscription agreement, which was signed by both parties (a copy is enclosed). The other investors do not have signed agreements. Mr. McMullan is looking into this to ensure that everyone has the shares that belong to them.
- h. Mr. McMullan has located a text from Mr. Chetty, titled "Last text from Chetty," which states that these investors (\$175,000 total) were to be grouped under K&M. This was the end of the chat and there does not appear to be any other mention or reasoning behind the group investment. The investment was through Force One, and Mr. Rossi and Mr. Chetty prepared the documents.
- i. Mr. Williams showed Mr. McMullan his subscription agreement and Mr. McMullan confirmed that Mr. Williams purchased \$75,000 in shares.
- j. Mr. McMullan also confirmed that other investors were issued unsigned subscription agreements for an unknown reason, but their shares were also possibly issued to K&M. Mr. McMullan believes these other investors to be Andrew Furry (\$50,000) and Shane Glenfield (\$50,000). We have enclosed Mr. Glenfield's unsigned agreement, a wire receipt from Nick Tansley (though Mr. McMullan is in the process of confirming that Mr. Tansley is not included in the issued shares), and a text from Mr. Williams stating that Mr. Furry purchased \$50,000 worth.
- k. The share certificate received in June 2023 (provided to you on January 2, 2024) appears to be for \$200,000 (1,333,333 shares at 15 cents each).
- l. The email contact for Taxsoft is Vince Misale: [vince@artificiatech.com](mailto:vince@artificiatech.com)
- m. Mr. McMullan has spoken to the company, and they are assisting in confirming each of the above shareholder's investment amounts on the JMCM share certificate. Mr. McMullan has no interest in holding shares that do not belong to him and he expects to have further information later this week. Mr. McMullan has

confirmed with Vince Misale, via email, that no shares will be transferred until the correct owners are sorted out (a copy of the email is enclosed).

## **2. Great Lakes Blockchain**

- a. Mr. McMullan's complete company file.
- b. Text message from Doug Grozelle, stating his plans for the company.
- c. A second text message shows Mr. Grozelle created the chat on August 30, 2021.
- d. Email announcement of share release and Mr. Grozelle's email reaction (October 17, 2022)
- e. Two emails in which Mr. Grozelle assisted with the purchase of a sea container (December 3, 2021).
- f. Mr. McMullan also located an email from Mr. Grozelle providing Mr. Grozelle's Bitcoin wallet address.

## **3. MOKO**

- a. MOKO investor deck showing (on p. 17) a valuation of \$118 million USD on December 20, 2021. This investment comprised the bulk of Mr. Grozelle's portfolio, with his share of MOKO being valued at approximately \$15.5 million CAD in late December 2021.
- b. An email that references Mr. Grozelle having his contract changed into the K&M name, along with his additional investment to own 12.5% of the company.
- c. Text from Mr. Grozelle referencing Logan Paul and Mr. Beast on MOKO.
- d. Text on August 3, 2023 referencing MOKO dissolving.

## **4. Thomas Cantley TV Shows**

- a. Texts between Mr. Grozelle and Mr. Cantley regarding a wire for payment for the TV shows (November 8, 2021).
- b. Texts from Mr. Grozelle to Mr. McMullan with the wire information for the TV shows (November 10, 2021).
- c. Text thread between Mr. Grozelle, Mr. Cantley and Mr. McMullan regarding the TV shows (November 6-9, 2021).
- d. Text reflecting shows are not complete, as Mr. Grozelle had not finished paying (July 15, 2023).

## **5. Women's Telgroup**

- a. Email from Mr. Grozelle to Mr. Schechtman of Women's Telgroup regarding his investment.

- b. Text message from Mr. Grozelle to Mr. McMullan explaining the investment (Delilah is this company's celebrity endorser).
- c. Email from Mr. Grozelle to Mr. Schechtman requesting the contract be changed into K&M and advising funds would be wired from K&M.

In addition, and as mentioned, we have enclosed a number of files on miscellaneous matters involving Doug Grozelle, including:

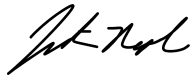
- a. Various messages regarding monies owed to Sabir Magdeev, including audio recordings in which Mr. Grozelle indicates he will send the funds to Mr. McMullan to send to Sabir.
- b. An audio recording from April 22, 2022 referencing Aragon/Garbe and a discussion about how Mr. Grozelle and Thomas Cantley were attempting to purchase and sell Michael Jackson's personal paintings. Mr. McMullan was not involved but his understanding is that these paintings were fraudulent.
- c. An audio recording from November 6, 2022 (once Mr. Grozelle had run out of funds) discussing funds owed to our client.
- d. Two text messages referencing Mr. Grozelle sending K&M funds to pay for investments on his behalf.
- e. An email from an anonymous sender, received by Mr. McMullan, which was sent to the OSC on November 12, 2022.

\*\*\*

If you wish to discuss any of the information described above or provided under cover of this letter, or require clarification on any matter, please do not hesitate to contact us.

Yours truly,

**NECPAL LITIGATION PROFESSIONAL CORPORATION**



Justin Necpal

Encls.

# APPENDIX “Q”



## Profile Report

ARAGON RESTAURANTS INC. as of August 02, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ARAGON RESTAURANTS INC.
Ontario Corporation Number (OCN)	2716416
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	September 13, 2019
Registered or Head Office Address	130 Adelaide Street West, 701, Toronto, Ontario, Canada, M5H 2K4

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 9

Name	JOHN GARBE
Address for Service	[REDACTED]
Resident Canadian	Yes
Date Began	September 13, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

There are no active Officers currently on file for this corporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

**Name**

**Effective Date**

ARAGON RESTAURANTS INC.

September 13, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Expired or Cancelled Business Names**

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name

BCA - Articles of Incorporation

Effective Date

September 13, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

# APPENDIX “R”



## Profile Report

2808227 ONTARIO INC. as of August 22, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2808227 ONTARIO INC.
Ontario Corporation Number (OCN)	2808227
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	January 14, 2021
Registered or Head Office Address	10 George Street, 200, Hamilton, Ontario, Canada, L8P 1C8

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 10

Name ROSS GORDON GROZELLE  
Address for Service [REDACTED]  
Resident Canadian Yes  
Date Began January 14, 2021

Name KRISTA MCMULLAN  
Address for Service [REDACTED]  
Resident Canadian Yes  
Date Began January 14, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

**Name**

ROSS GORDON GROZELLE

**Position**

Secretary

**Address for Service**

[REDACTED]

**Date Began**

January 14, 2021

**Name**

KRISTA MCMULLAN

**Position**

President

**Address for Service**

[REDACTED]

**Date Began**

January 14, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

**Name**

2808227 ONTARIO INC.

**Effective Date**

January 14, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
CIA - Initial Return PAF: CHRIS ROGERS - OTHER	May 27, 2021
BCA - Articles of Incorporation	January 14, 2021

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

# APPENDIX "S"

8:50 🌙



Doug >

They clearly know what they're talking about

Hahahah right!? They are amazing

What are you doing with the info?

And we also need an agreement from Garbe

I'm going to send to William

Ok

Should we do as KM or under the other corp we are using for the restaurant's?

Rather leave KM as the startup company

May 2, 2022 at 3:00 PM

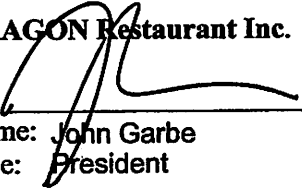
# APPENDIX “T”

## EQUITY PURCHASE & LOAN AGREEMENT

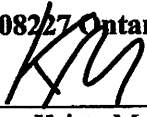
1. **Parties.** This Equity Purchase and Loan Agreement (the "Agreement") is made on June 3, 2022 2022 is by and between **ARAGON Restaurant Inc.** of 104 Kellys Way Unit 8, The Blue Mountains ON, L9Y 0L5 (the "Seller") and **2808227 Ontario Inc.** of 10 George St. Suite 200, Hamilton ON L8P 1C8. (the "Buyer").
2. **Loan Terms.** Subject to the terms hereof, the Buyer will provide the Seller with funding and in return, the Buyer will receive equity in two of the Seller's restaurants: Bent Taco and Frank and Steins.
  - A. The Buyer agrees to provide funding in the amount of \$250,000 to the Seller per the details below:
    - i. \$40,000 will come from Hardial Singh
    - ii. \$ 195,000 will come from Shipman's Corners Inc. (\$65,000), and 2808227 Ontario Inc. (\$130,000)
  - B. In consideration of the above, the parties agree that \$29,000 will remain in equity per the following:
    - i. \$5000 for 10% in Bent Taco
    - ii. \$24,000 for 20% in Frank and Steins.
    - iii. Dividends will be declared quarterly.
    - iv. The Buyers (Brian McMullan, John McMullan, Douglas Grozelle, and Hardial Singh) will be given credits and/or Carte Blanche for free meals at both restaurants
  - C. The remaining balance of \$221,000 will be a shareholder loan as per the details below:
    - i. 5-year term at a fixed interest rate of 5%
    - ii. Interest will be charged only for the first 6 months
    - iii. Monthly payments in the amount of \$4300 will begin at month 7
3. **Assignment.** Agent shall not assign, transfer, delegate, or subcontract any of its rights or obligations under this Agreement without prior written consent. Any purported assignment or delegation in violation of this Section shall be null and void. This Agreement will enure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.
4. **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
5. **Entire Agreement.** This Agreement contains the entire agreement and understanding among the Parties hereto with respect to the subject matter hereof, and supersedes all prior agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede, any course of performance and/or usage of the trade inconsistent with any of the terms hereof.
6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario. The Parties irrevocably submit to the exclusive jurisdiction of the courts located in the province of Ontario, sitting in the City of Toronto, for the resolution of any dispute and waive any claim or objection based on the absence of jurisdiction or inconvenient forum.

SIGNATURE PAGE ON PAGE 2

ARAGON Restaurant Inc.

By:   
Name: John Garbe  
Title: President

2808227 Ontario Inc.

By:   
Name: Krista McMullan  
Title: President

# APPENDIX “U”



## Profile Report

SHIPMAN'S CORNERS INC. as of August 22, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	SHIPMAN'S CORNERS INC.
Ontario Corporation Number (OCN)	2390275
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	October 01, 2013
Registered or Head Office Address	[REDACTED]

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 10

Name BRIAN MCMULLAN  
Address for Service [REDACTED]  
Resident Canadian Yes  
Date Began October 01, 2013

Name JENNIFER PELISSERO  
Address for Service [REDACTED]  
Resident Canadian Yes  
Date Began October 01, 2013

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

**Name** BRIAN MCMULLAN  
**Position** President  
**Address for Service** [REDACTED]  
**Date Began** October 01, 2013

**Name** BRIAN MCMULLAN  
**Position** Secretary  
**Address for Service** [REDACTED]  
**Date Began** October 01, 2013

**Name** BRIAN MCMULLAN  
**Position** Treasurer  
**Address for Service** [REDACTED]  
**Date Began** October 01, 2013

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

**Name**

**Effective Date**

SHIPMAN'S CORNERS INC.

October 01, 2013

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Expired or Cancelled Business Names**

<b>Name</b>	MCMEIL HONEY
<b>Business Identification Number (BIN)</b>	270967755
<b>Status</b>	Inactive - Expired
<b>Registration Date</b>	September 08, 2017
<b>Expired Date</b>	September 07, 2022
<b>Name</b>	THE HONEY COMPANY
<b>Business Identification Number (BIN)</b>	270967771
<b>Status</b>	Inactive - Expired
<b>Registration Date</b>	September 08, 2017
<b>Expired Date</b>	September 07, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: BRIAN MCMULLAN - DIRECTOR	April 11, 2021
Annual Return - 2019 PAF: BRIAN MCMULLAN - DIRECTOR	April 12, 2020
CIA - Notice of Change PAF: BRIAN MCMULLAN - DIRECTOR	April 02, 2020
Annual Return - 2018 PAF: BRIAN MCMULLAN - DIRECTOR	April 14, 2019
Annual Return - 2017 PAF: BRIAN MCMULLAN - DIRECTOR	April 08, 2018
Annual Return - 2016 PAF: BRIAN MCMULLAN - DIRECTOR	April 02, 2017
Annual Return - 2015 PAF: BRIAN MCMULLAN - DIRECTOR	April 02, 2016
Annual Return - 2014 PAF: BRIAN MCMULLAN - DIRECTOR	March 28, 2015
CIA - Notice of Change PAF: BRIAN MCMULLAN - DIRECTOR	October 28, 2013
CIA - Initial Return PAF: BRIAN MCMULLAN - DIRECTOR	October 22, 2013
BCA - Articles of Incorporation	October 01, 2013

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

# APPENDIX “V”

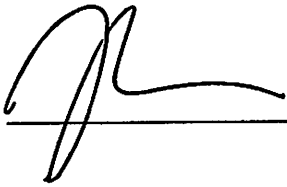
## EQUITY PURCHASE & LOAN AGREEMENT

1. **Parties.** This Equity Purchase and Loan Agreement (the “Agreement”) is made on July 1st, 2022, by and between ARAGON Restaurants Inc. of 104 Kellys Way Unit 8, The Blue Mountains ON, L9Y 0L5 (the “Seller”) and 2808227 Ontario Inc. of 10 George Street, Suite 200, Hamilton, ON L8P 1C8 (the “Buyer”).
  
2. **Loan Terms.** Subject to the terms hereof, the Buyer will provide the Seller with funding, and in return, the Buyer will receive equity in Tesoro restaurant.
  - A. The Buyer agrees to provide funding in the amount of \$350,000 to the Seller.
  
  - B. Considering the above, the parties agree that \$50,000 will remain in equity per the following:
    - i. 30% in both the Tesoro restaurant AND market.  
Dividends will be declared quarterly.
  
    - ii. The Buyers (Brian McMullan, John McMullan, Hardial Singh and Douglas Grozelle) will be given credits and/or Carte Blanche for free meals at the restaurant.
  
  - C. The remaining balance of \$300,000 will be a shareholder loan as per the details below:
    - i. 5-year term at a fixed interest rate of 5%
    - ii. Interest-only payments for the first six months
    - iii. Monthly payments in the amount of \$6250 will begin on February 1, 2023
  
3. **Assignment.** Agent shall not assign, transfer, delegate, or subcontract any of its rights or obligations under this Agreement without prior written consent. Any purported assignment or delegation violating this Section shall be null and void. This Agreement will enure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.
  
4. **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable, such term or provision in any other jurisdiction.
  
5. **Entire Agreement.** This Agreement contains the entire agreement and understanding among the Parties hereto concerning the subject matter hereof, and supersedes all prior agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever concerning the subject matter hereof. The express terms hereof control and supersede, any course of performance and/or usage of the trade inconsistent with any of the terms hereof.
  
6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario. The Parties irrevocably submit to the exclusive jurisdiction of the courts in the province of Ontario, sitting in the City of Toronto, for the resolution of any dispute and waive any claim or objection based on the absence of jurisdiction or inconvenience forum.

SIGNATURE PAGE ON PAGE 2

A handwritten signature consisting of the letters 'A' and 'M' in a cursive style, positioned above a solid horizontal line.

**2808227 Ontario Inc.**

A handwritten signature consisting of the letters 'A' and 'R' in a cursive style, positioned above a solid horizontal line.

**Aragon Restaurants Inc.**

# APPENDIX "W"

**Craddock, Erin**

---

**From:** [REDACTED]  
**Sent:** Friday, January 26, 2024 3:18 PM  
**To:** Craddock, Erin; Ward, David  
**Cc:** [REDACTED]  
**Subject:** **[\*\*EXT\*\*]** FW: You have new held messages

[REDACTED]

---

**From:** Spam Email Digest <quarantine@ca.gt.com>  
**Sent:** January 26, 2024 3:12 PM  
**To:** [REDACTED]  
**Subject:** You have new held messages



## You have new held messages

The following messages, addressed to you, are currently on hold within the Mimecast service awaiting further action.

For further instructions on how to use the links associated with each email, please review the following points:

**Release:** This will release the current email On Hold to your Inbox, but future emails from this sender will still be placed On Hold

**Block:** Rejects the email, and adds the sender's address to your personal Block list to block future emails from this sender

**Permit:** Delivers the email to your Inbox, and adds the sender's address to your personal Permit list, so future emails are not put On Hold (for SPAM management policies only)

You can also manage held messages in your [Personal Portal](#).

From	Subject	Date	Reason	Release	Block	Allow
------	---------	------	--------	---------	-------	-------

---

Mr. [REDACTED] ! Would you mind acting like a decent human and have the basic good manners to FUCKING RESPOND.....FOR FUCKS SAKE. WHO THE FUCK DO YOU THINK YOU ARE ? WHERE THE FUCKKKKKKKKKKKKKKK. WHERE. THE. FUCK....YOU ..... [REDACTED] .....WHERE IS OUR FUCKING MONEY? WHAT THE FUCKKKKKKKKKKK

2024-01-26 12:50 Spam Policy

[Release](#) [Block](#) [Permit](#)

Yep. That's how I feel. You assholes have stolen our money and have ABSOLUTELY NO BASIC SOCIAL SKILLS YOU FUCKING BASTARDS. YOU SHOULD BE ASHAMED OF YOURSELVES. YOU BASTARDS.

2024-01-26 12:55 Spam Policy

[Release](#) [Block](#) [Permit](#)

© 2023 Grant Thornton LLP - All rights reserved.  
A Canadian member of Grant Thornton International Ltd.

---

Disclaimer: This email is intended solely for the person or entity to which it is addressed and may contain confidential and/or privileged information. Any review, dissemination, copying, printing or other use of this email by persons or entities other than the addressee is prohibited. If you have received this email in error, please contact the sender immediately and delete the material from any computer.

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

-----

# TAB 3

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE MR. ) WEDNESDAY, THE 13TH  
JUSTICE VALENTE )  
) DAY OF FEBRUARY, 2024

**MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC.  
and CRYSTAL MASTERSON**

Applicants

-and-

**DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE  
ENTERPRISES**

Respondent

**RECEIVERSHIP ORDER  
(K&M Venture Capital Group Inc.)**

THIS MOTION made by Grant Thornton Limited, in its capacity as receiver of Douglas Grozelle and Douglas Grozelle operating as Grozelle Enterprises (“**Grozelle Receiver**”) for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (“**CJA**”) appointing Grant Thornton Limited as receiver (in such capacities, the “**Receiver**”) without security, of all of the assets, undertakings and properties of K&M Venture Capital Group Inc. (“**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day via video conference.

ON READING the First Report of the Grozelle Receiver, dated January 30, 2024 thereto and on hearing the submissions of counsel for the Grozelle Receiver, Grozelle, the Applicants, and the Debtor, no one else appearing although duly served as appears from the affidavit of service of ● sworn February ●, 2024 and on reading the consent of Grant Thornton Limited to act as the Receiver,

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof ("**Property**").

## **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all

or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant

landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH THE RECEIVER**

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver ("**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the

Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally

contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER’S LIABILITY**

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (“**Receiver's Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security

interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge ("**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.


22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

25. THIS COURT ORDERS that the Receiver and its counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requires within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, (SOR/2013-221).

## **SERVICE AND NOTICE**

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.  


27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

### **GENERAL**

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

---

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties of K&M Venture Capital Group Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (the "**Court**") dated the 13th day of February, 2024 (the "**Order**") made in an action having Court file number 23-CL-00082142-0000, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$100,000 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANT THORNTON LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:

\_\_\_\_\_

Name: Daniel Wootton

Title:

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Hamilton

**RECEIVERSHIP ORDER**

**MILLER THOMSON LLP**

Scotia Plaza, 40 King Street West, Suite  
5800

P.O. Box 1011

Toronto, ON Canada M5H 3S1

**David S. Ward LSO# 33541W**

[dward@millerthomson.com](mailto:dward@millerthomson.com)

Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**

[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)

Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as receiver of Douglas Grozelle  
and Douglas Grozelle o/a Grozelle  
Enterprises

# TAB 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE MR. ) TUESDAY, THE 13TH  
JUSTICE VALENTE ) DAY OF FEBRUARY, 2024

**MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC.  
and CRYSTAL MASTERSON**

Applicants

-and-

**DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE  
ENTERPRISES**

Respondent

**ORDER  
(Aragon Restaurants, Production of Financial Records)**

**THIS MOTION**, made by Grant Thornton Limited ("**Grant Thornton**"), in its capacity as receiver of Douglas Grozelle and Douglas Grozelle o/a Grozelle Enterprises ("**Grozelle**"), for an Order:

- a) directing that Aragon Restaurants Inc. ("**Aragon**") and the restaurants operating under the business names "Bent Taco", "Tesoro Restaurant", and "Frank and Steins" properly account for and remit any and all payments presently owed or coming due to Grozelle or 2808227 Ontario Inc. (or its successor or assignee entity, if any) to the Receiver ("**Aragon Funds**");
- b) an order, further to paragraphs 9 and 10 of the order of the Honourable Mr. Justice Goodman, dated July 20, 2023 ("**Receivership Order**"), directing The Toronto-Dominion Bank ("**TD**") to provide the Receiver with records for any accounts held by TD for the benefit of Grozelle or K&M;

- c) approving the first report of the Receiver, dated January 30, 2023 ("**First Report**"), and the activities of the Receiver described therein;

was heard this day by Zoom video conference.

**ON READING** the First Report, and on hearing the submissions of counsel for each of the Receiver, the Applicants, and Douglas Grozelle, no one else appearing although served as evidenced by the affidavit of service, filed,

### **SERVICE**

1. **THIS COURT ORDERS** that the service of the Notice of Motion and the Motion Record is hereby validated such that this motion is properly returnable today and hereby dispenses with further service thereof.

### **DEFINITIONS**

2. **THIS COURTS ORDERS** that capitalized terms not defined herein shall have the meanings given to them in the Receivership Order.

### **ARAGON RESTAURANTS**

3. **THIS COURT ORDERS** that Aragon and the Aragon Restaurants shall remit any and all payments of any kind ("**Aragon Funds**") owing to any person pursuant to or on account of the Equity Purchase & Loan Agreement, dated June 3, 2022, between Aragon and 2808227 Ontario Inc. and the Equity Purchase & Loan Agreement, dated July 1, 2022, between Aragon and 2808227 Ontario Inc. (together, the "**Aragon Agreements**") to the Receiver, to be held in a trust account, separate and apart from the receivership of Grozelle, pending further order of this Court. Such payments shall include, but are not limited to, loan repayments, dividends, and proceeds from the sale of the Aragon Restaurants.

4. **THIS COURT ORDERS** that Aragon, John Garbe, John McMullan, Brian McMullan, Ross Grozelle, Hardial Singh, Krista McMullan, 28008227 Ontario Inc., 2841291 Ontario Inc., and all persons having notice of this order and relevant information shall forthwith provide the Receiver with a full and proper accounting with supporting documents of their investments in Aragon Restaurants, if any, and shall otherwise cooperate with the Receiver with a view to allowing the Receiver to understand their respective financial and/or ownership interest(s) in Aragon Restaurants and its related interests.

#### **PRODUCTION OF FINANCIAL RECORDS**

5. **THIS COURT ORDERS** that notwithstanding paragraph 4 of this Order and paragraph 9 of the Receivership Order, any and all financial institutions, including TD, shall produce to the Receiver any and all Records and K&M Records in its possession or control, having regard to the limitations of the financial institutions' retention and storage policies and practices, notwithstanding that any disclosure may include "personal information" about third parties as defined in *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended.

6. **THIS COURT ORDERS** that the Receiver shall compensate TD for its compliance with paragraph 8 of this Order at the rates charged by TD for producing such documents.

#### **APPROVAL OF ACTIVITIES**

7. **THIS COURT ORDERS** that the First Report and the conduct and activities of the Receiver as described therein are hereby approved.

**GENERAL**

8. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

---

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Hamilton

**ORDER  
(SUPPLEMENTAL RELIEF)**

**MILLER THOMSON LLP**

Scotia Plaza, 40 King Street West, Suite  
5800

P.O. Box 1011

Toronto, ON Canada M5H 3S1

**David Ward LSO# 33541W**

[dward@millerthomson.com](mailto:dward@millerthomson.com)

Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**

[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)

Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as receiver of Douglas Grozelle and  
Douglas Grozelle o/a Grozelle Enterprises

# TAB 5

Court File No. ~~\_\_\_\_\_~~ CV-23-000082142-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ~~\_\_\_\_\_~~ MR. ) ~~WEEKDAY~~ WEDNESDAY, THE #  
JUSTICE ~~\_\_\_\_\_~~ VALENTE ) 13TH  
DAY OF ~~MONTH~~ FEBRUARY,  
20YR 2024

**PLAINTIFF<sup>†</sup>**

**Plaintiff**

MICHAEL FOLEY, JONATHAN WILLIAMS, WILLIAMS VENTURE CAPITAL INC.  
and CRYSTAL MASTERSON

**Applicants**

- and -

**DEFENDANT**

**Defendant**

**ORDER  
(appointing Receiver)**

DOUGLAS GROZELLE AND DOUGLAS GROZELLE O/A GROZELLE  
ENTERPRISES

**Respondent**

<sup>†</sup> ~~The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

**RECEIVERSHIP ORDER**  
**(K&M Venture Capital Group Inc.)**

THIS MOTION made by ~~the Plaintiff~~<sup>2</sup> Grant Thornton Limited, in its capacity as receiver of Douglas Grozelle and Douglas Grozelle operating as Grozelle Enterprises ("**Grozelle Receiver**") for an Order pursuant to ~~section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA") and~~ section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing [**RECEIVER'S NAME**]Grant Thornton Limited as receiver ~~[and manager]~~ (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of [**DEBTOR'S NAME**]K&M Venture Capital Group Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at ~~330 University Avenue, Toronto, Ontario~~ via video conference.

ON READING the ~~affidavit of [NAME] sworn [DATE] and the Exhibits~~ First Report of the Grozelle Receiver, dated January 30, 2024 thereto and on hearing the submissions of counsel for [**NAMES**]the Grozelle Receiver, Grozelle, the Applicants, and the Debtor, no one else appearing ~~for [NAME]~~ although duly served as appears from the affidavit of service of [**NAME**] sworn [DATE] February 1, 2024 and on reading the consent of ~~[RECEIVER'S NAME]~~ Grant Thornton Limited to act as the Receiver,

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated<sup>3</sup> so that this motion is properly returnable today and hereby dispenses with further service thereof.

**APPOINTMENT**

<sup>2</sup> ~~Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

<sup>3</sup> ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

2. THIS COURT ORDERS that pursuant to ~~section 243(1) of the BIA and~~ section 101 of the CJA, ~~[RECEIVER'S NAME]~~ Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (~~the~~ "Property").

### RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to

assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.<sup>4</sup> The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

~~<sup>4</sup> This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$~~\_\_\_\_\_~~250,000, provided that the aggregate consideration for all such transactions does not exceed \$~~\_\_\_\_\_~~1,000,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,]<sup>5</sup> shall not be required, ~~and in each case the Ontario *Bulk Sales Act* shall not apply.~~

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

~~<sup>5</sup> If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders,

and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate

access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the

written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH THE RECEIVER**

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

## RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (~~the~~ "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information.

The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, **“Possession”**) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the **“Environmental Legislation”**), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER’S LIABILITY**

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

## RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (~~the~~ **"Receiver's Charge"**) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.<sup>6</sup>

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

## FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding

<sup>6</sup> ~~Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

principal amount does not exceed \$ ~~\_\_\_\_\_~~ 100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (~~the~~ "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

25. THIS COURT ORDERS that the Receiver and its counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requires

within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, (SOR/2013-221).

## **SERVICE AND NOTICE**

26. ~~25.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~<https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<[@](#)>’.

27. ~~26.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

## **GENERAL**

28. ~~27.~~ THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. ~~28.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. ~~29.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. ~~30.~~ THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~31. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.~~

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ Grant Thornton Limited, the receiver (the "Receiver") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ of K&M Venture Capital Group Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the **"Property"**) appointed by Order of the Ontario Superior Court of Justice ~~(Commercial List)~~ (the "Court") dated the 13th day of February, 2024 (the "Order") made in an action having Court file number 23-CL-00082142-0000, has received as such Receiver from the holder of this certificate (the **"Lender"**) the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ 100,000 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

~~[RECEIVER'S NAME]~~ GRANT THORNTON LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: \_\_\_\_\_

Name: Daniel Wootton

Title:

FOLEY et al (Applicants) and DOUGLAS GROZELLE (Respondent)

Court File No.: CV-23-000082142-0000

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Hamilton

**RECEIVERSHIP ORDER**

**MILLER THOMSON LLP**

Scotia Plaza, 40 King Street West, Suite  
5800

P.O. Box 1011

Toronto, ON Canada M5H 3S1

**David S. Ward LSO# 33541W**

dward@millerthomson.com

Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**

ecraddock@millerthomson.com

Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as receiver of Douglas Grozelle  
and Douglas Grozelle o/a Grozelle  
Enterprises

Document comparison by Workshare Compare on Tuesday, January 30, 2024 4:05:28 PM

<b>Input:</b>	
Document 1 ID	file://C:\Users\ecraddock\Desktop\receivership-order-EN (6).doc
Description	receivership-order-EN (6)
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/74432585/2
Description	#74432585v2<Legal> - DRAFT K&M Receivership Order
Rendering set	Standard

<b>Legend:</b>	
<u>Insertion</u>	
<del>Deletion</del>	
<u>Moved from</u>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved-deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	
<b>Statistics:</b>	

	Count
Insertions	108
Deletions	112
Moved from	1
Moved to	1
Style changes	0
Format changes	0
Total changes	222

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Hamilton

**MOTION RECORD OF THE RECEIVER  
(RETURNABLE FEBRUARY 13, 2024)**

**MILLER THOMSON LLP**

Scotia Plaza, 40 King Street West, Suite  
5800

P.O. Box 1011

Toronto, ON Canada M5H 3S1

**David Ward LSO# 33541W**

[dward@millerthomson.com](mailto:dward@millerthomson.com)

Tel: 416.595.8625

**Erin Craddock LSO #: 62828J**

[ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)

Tel: 416.595.8631

Lawyers for Grant Thornton Limited, in its  
capacity as receiver of Douglas Grozelle  
and Douglas Grozelle o/a Grozelle  
Enterprises