

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

**Respondent**

**MOTION RECORD**

November 26, 2018

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

**Respondent**

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dated November 26, 2018.....2

**Tab 1**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

**Respondent**

**NOTICE OF MOTION  
(returnable December 4, 2018)**

msi Spergel inc. ("**Spergel**") in its capacity as court-appointed receiver (the "**Receiver**") appointed pursuant to order of the Honourable Justice Dunphy dated August 3, 2018 (the "**Appointment Order**") of the assets, undertakings and properties (the "**Property**") of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "**Company**" or the "**Debtor**") will make a motion to the Court on **Tuesday December 4, 2018** at 10:00 a.m., or as soon after that time as the motion can be heard at the court house, 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The Motion is to be heard:

- in writing under subrule 37.12.1(1) because it is on consent;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

**THE MOTION IS FOR:**

Orders substantially in the form of the draft Orders attached hereto at Schedule "A" (Ancillary Order) and Schedule "B" (Approval and Vesting Order) including without limitation, an Order, *inter alia*;

Ancillary Order

1. An Order that the time for service, filing and confirmation of the Notice of Motion and the Motion Record be abridged so that this motion is properly returnable today and hereby dispenses with further service and confirmation hereof;
2. An Order approving the Receiver's First Report to the Court dated November 26, 2018 (the "**First Report**") and the activities and conduct of the Receiver as detailed therein;
3. A Declaration that the following vehicles are included in the Property of the Debtor as defined in the Appointment Order:
  - a. Mercedes-Benz M-Class 4JGDA2EB7FA452675;
  - b. 2014 Mercedes-Benz CLS-Class Luxury Sedan WDDLJ9BB6EA094485;
  - c. 2011 Porsche Panamera WP0AA2A76BL014785;
  - d. 2016 BMW X3 5UXWX9C53G0D63101;
  - e. 2014 BMW 5351 WBA5B3C57ED530245;
  - f. 2014 Mercedes-Benz M-Class Luxury 4JGDA2EB1EA386851; and
  - g. 2014 Audi S5 WAULGBFR7EA039791.

(collectively the "**Vehicles**")

4. An Order that the sale by auction of the Vehicles (the "**Sale**") contemplated by the North Toronto Auction's Used Vehicle Consignment Agreement between the Receiver and Northern Auto Auctions of Canada Inc. o/a North Toronto Auction ("**NTA**") and appended to the First Report of the Receiver (the "**Auction Agreement**") be approved, and the execution of the Auction Agreement by the Receiver be and is authorized and approved, with such minor amendments as



the Receiver may deem necessary, and that the Receiver be authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Auction, and for the conveyance of the Vehicles (the "**Purchased Vehicles**") to the purchasers at auction (the "**Purchasers**");

5. An Order that the fees and disbursements of the Interim Receiver as detailed in the First Report (the "**Interim Receiver's Fees**") and payment of same be approved;
6. An Order that the fees and disbursements of counsel to the Interim Receiver, Harrison Pensa LLP, as detailed in the First Report (the "**Interim Counsel Fees**") and payment of same be approved;

Approval and Vesting Order

7. An Order that the Vehicles shall be sold by auction as contemplated by the Auction Agreement, and upon delivery of a receipt for payment in full by NTA to each of the Purchasers, that all of the Debtor's right, title and interest in and to each of the Purchased Vehicles so purchased shall vest in each of the Purchasers free and clear of any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Appointment Order, (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**").
8. An Order that for the purposes of determining the nature and priority of Claims, the proceeds received by the Receiver pursuant to the Auction Agreement shall

stand in the place and instead of the Purchased Vehicles, and that following the completion of the Sale, any and all Claims and Encumbrances shall attach to the proceeds received by the Receiver pursuant to the Auction Agreement with the same priority as they had with respect to the Purchased Vehicles sold at the Sale immediately prior to the Sale, as if the Purchased Vehicles had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. An Order that, notwithstanding:

- i. the pendency of these proceedings;
- ii. any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- iii. any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Vehicles in each of the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. A Request that any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the Ministry of Transportation Ontario, provide the aid and recognition to give effect to this Order and to assist the Receiver, its agents or the Purchasers in carrying out the terms of this Order, and that all courts, tribunals, regulatory and administrative bodies make such orders and 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.

11. Such further and other relief as counsel may request and this Honourable court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

1. Spergel was appointed as the Receiver pursuant to the Appointment Order. The Appointment Order was made upon the application of the Company's general secured creditor, Royal Bank of Canada ("**RBC**").
2. Prior to Spergel's appointment as the Receiver, Spergel was appointed as interim receiver (in such capacity, the "**Interim Receiver**"), without security, of all the assets, undertakings and properties of the Company's cars by Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) made July 4, 2018 (the "**Interim Receivership Order**").
3. Spergel in its capacity as the Interim Receiver reported to the Court by way of First Report of the Interim Receiver dated July 24, 2018 ("**First Report of the Interim Receiver**").
4. Subsequent to issuing the First Report of the Interim Receiver, the Interim Receiver, among other things, examined Ardavan Khavari ("**Khavari**"), the principal of Chartreuse Bancorp Inc. ("**Chartreuse**").

5. In the Supplement to the First Report of the Interim Receiver, the Interim Receiver noted that it was concerned with the transfer of the following seven (7) vehicles from the Company to Chartreuse prior to its appointment:

VEHICLES	VIN
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 5351	WBA5B3C57ED530245
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

(collectively the "**Vehicles**")

6. Chartreuse and RBC claim a priority interest in the Vehicles.
7. The Interim Receiver recommended to the Court that Spergel, upon its appointment as Receiver, enter into an agreement with Chartreuse to sell the Vehicles wherein Chartreuse will market the Vehicles for sale subject to certain terms (the "**Vehicle Sale Agreement**").
8. Pursuant to the Appointment Order a draft copy of the Vehicle Sale Agreement was approved by the Court.

9. On August 14, 2018 the Receiver finalized the Vehicle Sale Agreement and obtained executed copy of same.
10. The Vehicle Sale Agreement provided, among other things, that in the event Chartreuse, after making all reasonable efforts, or at the expiry of sixty (60) days following the execution of the Vehicle Sale Agreement, is not able to sell all of the Vehicles, the Vehicles will be sold through the Toronto Automotive Vehicle Auction at a net sale price, after all reasonable expenses, approved by both the Seller and the Receiver. The net proceeds of sale will be paid directly from the Toronto Automotive Vehicle Auction to the Receiver to be held in trust, and not released without the consent of RBC, Chartreuse and the Receiver or by Order of the Court, on a without prejudice basis to Chartreuse's or any other party's claim of priority to any sale proceeds from the sale of the Vehicles.
11. On October 10, 2018 the Receiver sent an email to Khavari advising that none of the Vehicles were sold since the signing of the Vehicle Sale Agreement and that the Receiver is of the view that in accordance with paragraph 1(k) of the Vehicle Sale Agreement all unsold Vehicles be sent to Toronto Automotive Vehicle Auction. On October 12, 2018, the Receiver received an email from Khavari advising that Chartreuse is in agreement with taking the unsold Vehicles to the auction.
12. Following agreement with Khavari, the Receiver arranged for the transportation of the Vehicles to the Auctioneer.
13. The Receiver obtained an estimate from the Auctioneer and on November 5, 2018 Receiver's counsel provided Khavari with the estimated retail and auction values of the Vehicles and the costs associated with selling the Vehicles.
14. On November 6, 2018, the Receiver received an email from Khavari expressing concerns with the auction values provided by the Auctioneer. The Receiver requested Khavari to provide a reserve price per Vehicle to the Receiver that Chartreuse would

agree with. On the same day, the Receiver received an email from Khavari providing Chartreuse's position regarding the reserve price to be set per Vehicle for the auction. The Receiver noted that the total reserve price indicated by Chartreuse for the Vehicles was \$5,450 less than the average retail value provided by the Auctioneer.

15. In light of the above response from Khavari, the Receiver's counsel on November 8, 2018 sent an email advising that the reserve price indicated by Chartreuse is unreasonable in light of the opportunity that was provided to Chartreuse to sell the Vehicles at retail value and that during the period provided to Chartreuse no sales were completed and that a reasonable resolution that the Receiver will consider is as follows:

- Place the Vehicles in the November 15, 2018 auction with the reserve price being set as the average between the average retail value and the estimated auction value provided by the Auctioneer.
- In the event that any of the Vehicles are not sold they will be re-listed at the following auction with the reserve being set at the estimated auction value provided by the Auctioneer.
- In the event that any Vehicles are not sold at the second auction they will be re-listed at the following auction with no reserve.

16. On November 23, 2018 counsel for the Receiver received a without prejudice email from counsel for Chartreuse.

### ***Transfer of Vehicles***

17. Upon the appointment of the Interim Receiver, the Interim Receiver noted that the registrations of the Vehicles were transferred to Chartreuse in the month of June 2018. Chartreuse provided certain documents related to the Vehicles which included, among other things, Vehicle Purchase Agreements related to each of the Vehicles wherein the Company purportedly sold the Vehicles to Chartreuse; however, there was no consideration paid by Chartreuse in respect of the purchase of the Vehicles. Given

the above, the Receiver is of the view the transfer of the registration of the Vehicles from the Company to Chartreuse was improper and the Vehicles are included in the Property. As such, the Receiver is seeking an order from this Court declaring that the Vehicles are included as Property.

### ***Chartreuse's Security Position***

18. Chartreuse claims a security interest the Vehicles. The Receiver has received an Inventory Finance and Security Agreement between Chartreuse and the Company with an effective date of November 10, 2017 and a document entitled Purchase Money Security Interest by Chartreuse addressed to Hossine Totonchian. Despite repeated requests the Receiver has yet to receive details of Chartreuse's claim to priority.

### ***The Auction Agreement***

19. The Receiver has entered into the Auction Agreement for the sale of the Vehicles by the Auctioneer at the proposed Auction. The Auction Agreement remains subject to the approval of this Court.

20. It is the Receiver's position that the rates and commissions provided in the Auction Agreement are fair and reasonable. Further, the Receiver believes that a public auction is a commercially reasonable method for disposing of the Vehicles, given, amongst other things, the disadvantageous economies of scale that would result if the Receiver were to conduct its own sale process for the seven Vehicles and that an attempt to sell the Vehicles at retail prices was already made by Chartreuse with no success.

21. The Auction is scheduled to take place on December 13, 2018. The net proceeds of sale from the Auction would be held by the Receiver pending further order of this Court. In the event any of the Vehicles are not sold, the Auction Agreement provides that such Vehicles would be offered for sale at a subsequent Auction.

### ***Approval of Receiver's Accounts***

22. The Interim Appointment Order requires the Receiver and its legal counsel to pass its accounts from time to time.
23. The Interim Receiver has properly incurred fees and disbursements as detailed in the First Report.
24. The fees incurred by the Interim Receiver for services provided by its legal counsel, Harrison Pensa LLP are detailed in the First Report.
25. The Receiver seeks the approval of the Interim Receiver's fees and the counsel fees and payment of same.
26. Section 243 of the BIA.
27. Sections 137(2) and 141 of the Courts of Justice Act.
28. Rules 2, 3, 37 and 38 of the Rules of Civil Procedure.
29. The grounds as detailed in the First Report of the Receiver dated November 26, 2018. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The Appointment Order;
2. The First Report of the Receiver dated November 26, 2018;



3. Such materials as counsel may advise and this Honourable Court may permit.

November 26, 2018

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*Interim Receiver and proposed Receiver*

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Schedule "A"

Court File No. CV-18-00600821-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE

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)  
)

TUESDAY, THE 4<sup>TH</sup> DAY  
OF DECEMBER, 2018

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

**Respondent**

**ANCILLARY ORDER**

**THIS MOTION**, made by msi Spergel Inc., in its capacity as court appointed Receiver (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "**Debtor**") appointed by Order of the Honourable Justice Dunphy dated August 3, 2018 (the "**Appointment Order**") for an Order for the following relief:

- a. An Order that the time for service, filing and confirmation of the Notice of Motion and the Motion Record be abridged so that this motion is properly returnable today and hereby dispenses with further service and confirmation hereof;
- b. An Order approving the Receiver's First Report to the Court dated November 26, 2018 (the "**First Report**") and the activities and conduct of the Receiver as detailed therein;

c. A Declaration that the following vehicles are included in the Property of the Debtor as defined in the Appointment Order:

- a. Mercedes-Benz M-Class 4JGDA2EB7FA452675;
- b. 2014 Mercedes-Benz CLS-Class Luxury Sedan WDDLJ9BB6EA094485;
- c. 2011 Porsche Panamera WP0AA2A76BL014785;
- d. 2016 BMW X3 5UXWX9C53G0D63101;
- e. 2014 BMW 5351 WBA5B3C57ED530245;
- f. 2014 Mercedes-Benz M-Class Luxury 4JGDA2EB1EA386851; and
- g. 2014 Audi S5 WAULGBFR7EA039791.

(collectively the "**Vehicles**")

- d. An Order that the sale by auction of the Vehicles (the "**Sale**") contemplated by the North Toronto Auction's Used Vehicle Consignment Agreement between the Receiver and Northern Auto Auctions of Canada Inc. o/a North Toronto Auction ("**NTA**") and appended to the First Report of the Receiver (the "**Auction Agreement**") be approved, and the execution of the Auction Agreement by the Receiver be and is authorized and approved, with such minor amendments as the Receiver may deem necessary, and that the Receiver be authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Auction, and for the conveyance of the Vehicles (the "**Purchased Vehicles**") to the purchasers at auction (the "**Purchasers**");
- e. An Order that the fees and disbursements of the Interim Receiver as detailed in the First Report (the "**Interim Receiver's Fees**") and payment of same be approved;

- f. An Order that the fees and disbursements of counsel to the Interim Receiver, Harrison Pensa LLP, as detailed in the First Report (the “**Interim Counsel Fees**”) and payment of same be approved.

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

**ON READING** the Notice of Motion dated November 26, 2018, the First Report of the Receiver dated November 26, 2018 with Appendices, and Affidavit of Service of Kelly Bryant, sworn November , 2018 and on hearing submissions from all counsel in attendance,

1. **THIS COURT ORDERS** that the time for service, filing and confirmation of the Notice of Motion and Motion Record be and are hereby abridged so that this motion is properly returnable today.
2. **THIS COURT ORDERS** that the First Report and the activities and conduct of the Receiver as detailed therein are hereby approved.
3. **THIS COURT DECLARES** that the Vehicles are hereby included in the Property of the Debtor as defined in the Appointment Order.
4. **THIS COURT ORDERS** that the Sale contemplated by the Auction Agreement is hereby approved, and the execution of the Auction Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary, and that the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Auction, and for the conveyance of the Purchased Vehicles to the Purchasers.

5. **THIS COURT ORDERS** that that the Interim Receiver's Fees and payment of same are hereby approved.
  
6. **THIS COURT ORDERS** that the Interim Counsel Fees and payment of same are hereby approved.

---

Justice, *Ontario* Superior Court of Justice  
Commercial List



ROYAL BANK OF CANADA

and

INNOVATIVE COATING SYSTEMS INC.

Plaintiffs

Defendant

Court File No. 35-2146205T

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT LONDON

**ANCILLARY ORDER**

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Schedule "B"

Court File No. CV-18-00600821-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE                    )  
  )  
JUSTICE                                )  
  )    **TUESDAY THE 4<sup>TH</sup> DAY  
  )    OF DECEMBER, 2018**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

**Respondent**

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by msi Spergel Inc., in its capacity as court appointed Receiver (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "**Debtor**") appointed by Order of the Honourable Justice Dunphy dated August 3, 2018 (the "**Appointment Order**") for an Order for the following relief:

- a. An Order that the Vehicles shall be sold by auction as contemplated by the Auction Agreement, and upon delivery of a receipt for payment in full by Northern Auto Auctions of Canada Inc. o/a North Toronto Auction ("**NTA**") to each of the Purchasers, that all of the Debtor's right, title and interest in and to each of the Purchased Vehicles so purchased shall vest in each of the Purchasers free and

clear of any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Appointment Order, (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**").

- b. An Order that for the purposes of determining the nature and priority of Claims, the proceeds received by the Receiver pursuant to the Auction Agreement shall stand in the place and instead of the Purchased Vehicles, and that following the completion of the Sale, any and all Claims and Encumbrances shall attach to the proceeds received by the Receiver pursuant to the Auction Agreement with the same priority as they had with respect to the Purchased Vehicles sold at the Sale immediately prior to the Sale, as if the Purchased Vehicles had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
- c. An Order that, notwithstanding:
  - i. the pendency of these proceedings;

- ii. any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- iii. any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Vehicles in each of the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- d. A Request that any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the Ministry of Transportation Ontario, provide the aid and recognition to give effect to this Order and to assist the Receiver, its agents or the Purchasers in carrying out the terms of this Order, and that all courts, tribunals, regulatory and administrative bodies make such orders and 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.
- e. Such further and other relief as counsel may request and this Honourable court may permit.

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

**ON READING** the Notice of Motion, the First Report of the Receiver dated November 26, 2018 and Affidavit of Service of Kelly Bryant sworn November\_\_\_\_, and on hearing submissions from all counsel in attendance,

1. **THIS COURT ORDERS** that the Vehicles shall be sold by auction as contemplated by the Auction Agreement, and upon delivery of a receipt for payment in full by NTA to each of the Purchasers and that all of the Debtor's right, title and interest in and to each of the Purchased Vehicles so purchased shall vest in each of the Purchasers free and clear of any Claims including, without limiting the generality of any Encumbrances.
2. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the proceeds received by the Receiver pursuant to the Auction Agreement shall stand in the place and instead of the Purchased Vehicles, and that following the completion of the Sale, any and all Claims and Encumbrances shall attach to the proceeds received by the Receiver pursuant to the Auction Agreement with the same priority as they had with respect to the Purchased Vehicles sold at the Sale immediately prior to the Sale, as if the Purchased Vehicles had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
3. **THIS COURT ORDERS** that, notwithstanding:
  - iv. the pendency of these proceedings;
  - v. any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect

of the Debtor and any bankruptcy order issued pursuant to any such applications; and

vi. any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Vehicles in each of the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

4. **THIS COURT REQUESTS** that any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the Ministry of Transportation Ontario, provide the aid and recognition to give effect to this Order and to assist the Receiver, its agents or the Purchasers in carrying out the terms of this Order, and that all courts, tribunals, regulatory and administrative bodies make such orders and 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.

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Justice, *Ontario* Superior Court of Justice  
Commercial List

**Tab 2**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

Respondent

**FIRST REPORT OF MSI SPERGEL INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF  
2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

**November 26, 2018**



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## APPENDICES

1. Appointment Order of the Honourable Justice Dunphy dated August 3, 2018
2. Interim Appointment Order of the Honourable Justice Hainey dated July 4, 2018
3. First Report of the Interim Receiver (without appendices)
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5. Transcript of the Examination of Ardavan Khavari
6. Vehicle Sale Agreement dated August 14, 2018
7. Redacted copy of email to Ardavan Khavari dated November 5, 2018
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9. Redacted copy of email to Ardavan Khavari dated November 8, 2018
10. Redacted Auction Agreement
11. Fee Affidavit of Mukul Manchanda, sworn November 23, 2018
12. Notice of Application for Taxation of Accounts and Discharge of Interim Receiver
13. Fee Affidavit of Robert Danter, sworn November 26, 2018

## **1.0 APPOINTMENT AND BACKGROUND**

- 1.0.1 This report (this "**Report**") is filed by msi Spergel inc. ("**Spergel**") in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars ("**Luxury Cars**" or the "**Company**"). Luxury Cars is a corporation incorporated pursuant to the laws of the Province of Ontario and carried on business as a used vehicle dealership. Luxury Cars operated from leased premises located at 4160 Steeles Avenue West, Woodbridge, Ontario (the "**Premises**").
- 1.0.2 Spergel was appointed as the Receiver, without security, of all the assets, undertakings and properties of Luxury Cars (collectively, the "**Property**") by Order of the Honourable Mr. Justice Dunphy of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made August 3, 2018 (the "**Appointment Order**"). The Appointment Order was made upon the application of Luxury Cars' general secured creditor, Royal Bank of Canada ("**RBC**").
- 1.0.3 Attached as **Appendix "1"** to this Report is a copy of the Appointment Order.
- 1.0.4 Prior to Spergel's appointment as the Receiver, Spergel was appointed as interim receiver (in such capacity, the "**Interim Receiver**"), without security, of all the assets, undertakings and properties of Luxury Cars by Order of the Honourable Mr. Justice Hailey of the Ontario Superior Court of Justice (Commercial List) made July 4, 2018 (the "**Interim Appointment Order**"). Attached as **Appendix "2"** to this Report is a copy of the Interim Appointment Order.
- 1.0.5 Spergel in its capacity as the Interim Receiver filed its first report dated July 24, 2018 with the Court (the "**First Report of the Interim Receiver**"). Subsequent to issuing the First Report of the Interim Receiver, the Interim Receiver, among other things, examined Ardavan Khavari ("**Khavari**"), the principal of Chartreuse Bancorp Inc. ("**Chartreuse**"). A summary of the examination of Khavari (the "**Khavari Examination**") was provided in the Interim Receiver's supplement to the first report to Court dated August 1, 2018 (the "**Supplement to First Report of the Interim Receiver**") and is also outlined below. Attached as **Appendices**

“3” and “4” are copies of the First Report of the Interim Receiver and Supplement to First Report of the Interim Receiver without appendices.

1.0.6 In the Supplement to the First Report of the Interim Receiver, the Interim Receiver noted that it was concerned with the transfer of the following seven (7) vehicles from the Company to Chartreuse prior to its appointment:

VEHICLES	VIN
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 5351	WBA5B3C57ED530245
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

(collectively the “**Vehicles**”)

1.0.7 The Interim Receiver further noted that at the Khavari Examination it was advised that Chartreuse was in possession of the Vehicles and that Chartreuse claims to have a purchase money security interest in the Vehicles. Attached as **Appendix “5”** to this report is a copy of the transcript of the Khavari Examination.

1.0.8 RBC also claims a priority interest in the Vehicles.

1.0.9 The Interim Receiver recommended to the Court that Spergel, upon its appointment as Receiver, enter into an agreement with Chartreuse to sell the Vehicles wherein Chartreuse will market the Vehicles for sale subject to certain terms (the “**Vehicle Sale Agreement**”).

1.0.10 Pursuant to the Appointment Order a draft copy of the Vehicle Sale Agreement was approved by the Court.

## **2.0 PURPOSE OF THIS REPORT AND DISCLAIMER**

2.0.1 The purpose of this Report is to advise the Court as to the steps taken by the Receiver in these proceedings and to seek Orders from this Court:

- (a) approving this Report and the actions of the Receiver described herein;
- (b) declaring that the Vehicles are included in the Property;
- (c) approving the contract to auction between Northern Auto Auctions of Canada Inc. o/a North Toronto Auction (the "**Auctioneer**"), as auctioneer, and the Receiver (the "**Auction Agreement**"), and authorizing the Auctioneer to conduct a public auction (and, if applicable, re-auction) as referenced in, and in accordance with the terms of, the Auction Agreement (the "**Auction**");
- (d) vesting in each purchaser at such Auction the Company's right, title and interest in and to the Property purchased by such respective purchaser at the Auction, free and clear of claims and encumbrances; and
- (e) approving the fees and disbursements of the Interim Receiver and its independent legal counsel, Harrison Pensa LLP (the "**Interim Receiver's Counsel**").

2.0.2 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 Report for any other purpose.

2.0.3 In preparing this Report, the Receiver has relied upon certain information provided to it by the Company's former management. The Receiver has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information.

2.0.4 All references to dollars in this Report are in Canadian currency unless otherwise noted.

### **3.0 ACTIONS OF THE RECEIVER UPON APPOINTMENT**

3.0.1 A copy of the Appointment Order was provided to the Company by RBC's counsel and by the Receiver. In addition, the Receiver prepared its statutory Notice and Statement of the Receiver in accordance with sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada) and mailed a copy to all creditors of the Company known to the Receiver.

3.0.2 On August 14, 2018 the Receiver finalized the Vehicle Sale Agreement and obtained executed copy of same. Attached as **Appendix "6"** to this Report is a copy of the fully executed Vehicle Sale Agreement.

#### ***Vehicle Sale Agreement***

3.0.3 The Vehicle Sale Agreement provided, among other things, that in the event Chartreuse, after making all reasonable efforts, or at the expiry of sixty (60) days following the execution of the Vehicle Sale Agreement, is not able to sell all of the Vehicles, the Vehicles will be sold through the Toronto Automotive Vehicle Auction at a net sale price, after all reasonable expenses, approved by both the Seller and the Receiver. The net proceeds of sale will be paid directly from the Toronto Automotive Vehicle Auction to the Receiver to be held in trust, and not released without the consent of RBC, Chartreuse and the Receiver or by Order of the Court, on a without prejudice basis to Chartreuse's or any other party's claim of priority to any sale proceeds from the sale of the Vehicles.

3.0.4 On October 10, 2018 the Receiver sent an email to Khavari advising that none of the Vehicles were sold since the signing of the Vehicle Sale Agreement and that the Receiver is of the view that in accordance with paragraph 1(k) of the Vehicle Sale Agreement all unsold Vehicles be sent to Toronto Automotive Vehicle Auction. On October 12, 2018, the Receiver received an email from Khavari advising that Chartreuse is in agreement with taking the unsold Vehicles to the auction.

- 3.0.5 Following agreement with Khavari, the Receiver arranged for the transportation of the Vehicles to the Auctioneer.
- 3.0.6 On or around October 24, 2018 the Receiver exchanged emails with Khavari wherein Khavari requested the Receiver to provide Chartreuse with estimated sale prices of the Vehicles. The Receiver obtained an estimate from the Auctioneer and on November 5, 2018 Receiver's counsel provided Khavari with the estimated retail and auction values of the Vehicles and the costs associated with selling the Vehicles. Attached as **Appendix "7"** to this Report is a redacted copy of the email from the Receiver's Counsel to Khavari.
- 3.0.7 On November 6, 2018, the Receiver received an email from Khavari expressing concerns with the auction values provided by the Auctioneer and requested a conference call with the Receiver and its counsel.
- 3.0.8 On November 7, 2018 the Receiver and its counsel participated in a conference call with Khavari and counsel for Chartreuse to discuss the estimated auction values and an appropriate reserve price for the Vehicles. The Receiver requested Khavari to provide a reserve price per Vehicle to the Receiver that Chartreuse would agree with. On the same day, the Receiver received an email from Khavari providing Chartreuse's position regarding the reserve price to be set per Vehicle for the auction. The Receiver noted that the total reserve price indicated by Chartreuse for the Vehicles was \$5,450 less than the average retail value provided by the Auctioneer. Attached as **Appendix "8"** to this Report is a redacted copy of the email from Khavari.
- 3.0.9 In light of the above response from Khavari, the Receiver's counsel on November 8, 2018 sent an email advising that the reserve price indicated by Chartreuse is unreasonable in light of the opportunity that was provided to Chartreuse to sell the Vehicles at retail value and that during the period provided to Chartreuse no sales were completed and that a reasonable resolution that the Receiver will consider is as follows:

- Place the Vehicles in the November 15, 2018 auction with the reserve price being set as the average between the average retail value and the estimated auction value provided by the Auctioneer.
- In the event that any of the Vehicles are not sold they will be re-listed at the following auction with the reserve being set at the estimated auction value provided by the Auctioneer.
- In the event that any Vehicles are not sold at the second auction they will be re-listed at the following auction with no reserve.

3.0.10 The Receiver's counsel further advised that if the above arrangement was not acceptable to Chartreuse, the Receiver will schedule a motion to allow the Receiver to seek direction with respect to the reserve price and that at such motion the Receiver will recommend that the above arrangement be approved by the Court. Attached as **Appendix "9"** to this Report is a redacted copy of the Receiver's counsel email to Khavari.

3.0.11 On November 23, 2018 the Receiver's counsel received a without prejudice email from counsel for Chartreuse.

#### ***Transfer of Vehicles***

3.0.12 Upon the appointment of the Interim Receiver, the Interim Receiver noted that the registrations of the Vehicles were transferred to Chartreuse in the month of June 2018. Chartreuse provided certain documents related to the Vehicles which included, among other things, Vehicle Purchase Agreements related to each of the Vehicles wherein the Company purportedly sold the Vehicles to Chartreuse; however, there was no consideration paid by Chartreuse in respect of the purchase of the Vehicles. Given the above, the Receiver is of the view that the transfer of the registration of the Vehicles from the Company to Chartreuse was improper and the Vehicles are included as Property. As such, the Receiver is seeking an order from this Court declaring that the Vehicles are included in the Property.

#### ***Chartreuse's Security Position***



- 3.0.13 In the First Report of the Interim Receiver, the Interim Receiver reported that on March 2, 2018, pursuant to a share purchase agreement the Hossein Totonchian 2012 Family Trust sold 100 common shares of Luxury Cars (being all of the issued and outstanding shares of Luxury Cars) to Chartreuse for consideration of \$100 (the "Share Transaction"). The Receiver continues to investigate the Share Transaction and will report its findings to this Court in subsequent reports.
- 3.0.14 Chartreuse claims a security interest in the Vehicles. The Receiver has received an Inventory Finance and Security Agreement between Chartreuse and the Company with an effective date of November 10, 2017 and a Notice of Purchase Money Security Interest by Chartreuse addressed to Hossein Totonchian. Despite repeated requests the Receiver has yet to receive details of Chartreuse's claim to priority.
- 3.0.15 The Receiver will continue to follow with counsel for Chartreuse with respect to Chartreuse's claim to a secured interest in the Vehicles with priority.

#### **4.0 AUCTION AGREEMENT**

- 4.0.1 As at the date of this Report, the terms of the Auction Agreement have yet to be finalized and executed by the parties. The Receiver anticipates an agreement comparable to the Auction Agreement, a redacted copy of which is attached at **Appendix "10"** hereto, will be entered between the Auctioneer and the Receiver. The Auction Agreement remains subject to the approval of this Court.
- 4.0.2 It is the Receiver's position that the rates and commissions provided in the Auction Agreement are fair and reasonable. Further, the Receiver believes that a public auction is a commercially reasonable method for disposing of the Vehicles, given, amongst other things, the disadvantageous economies of scale that would result if the Receiver were to conduct its own sale process for the seven Vehicles and that an attempt to sell the Vehicles at retail prices was already made by Chartreuse with no success.
- 4.0.3 The Auction is scheduled to take place on December 20, 2018. The net proceeds of sale from the Auction would be held by the Receiver pending further

order of this Court. In the event any of the Vehicles are not sold, the Auction Agreement provides that such Vehicles would be offered for sale at a subsequent Auction.

## **5.0 FEES AND DISBURSEMENTS OF THE INTERIM RECEIVER**

- 5.0.1 Attached hereto as **Appendix "11"** is the Affidavit of Mukul Manchanda, sworn November 23, 2018, which incorporates by reference a copy of the Interim Receiver's time dockets pertaining to the interim receivership, for the period to and including August 2, 2018 in the amount of \$20,911.71 inclusive of disbursements and HST. This represents a total of 62.50 hours at an average rate of \$284.98 per hour.
- 5.0.2 Pursuant to rule 79 of the *Bankruptcy and Insolvency Act*, on October 1, 2018 the Interim Receiver provided the Notice of Application for Taxation of Accounts and Discharge of Interim Receiver to the service list. No objection was filed within 30 days of the sending of the notice. Attached as **Appendix "12"** to this Report is a copy of the Notice of Application for taxation of Accounts and Discharge of Interim Receiver.

## **6.0 FEES AND DISBURSEMENTS OF THE INTERIM RECEIVER'S COUNSEL**

- 6.0.1 Attached hereto as **Appendix "13"** is the Affidavit of Robert Danter, sworn November 26, 2018, which incorporates by reference a copy of the accounts rendered by the Interim Receiver's Counsel to the Receiver for the period to and including August 2, 2018 in the amount of \$23,102.29 inclusive of disbursements and HST.
- 6.0.2 The Interim Receiver has reviewed the accounts of the Interim Receiver's Counsel and, given the Interim Receiver's involvement in this matter, the Interim Receiver is of the view that all the work set out in the accounts of the Interim Receiver's Counsel was carried out and was necessary. The hourly rates of the lawyers who worked on this matter were reasonable in light of the services required, and the services were carried out by lawyers with the appropriate level of experience.

**7.0 RECOMMENDATIONS**

7.0.1 The Receiver respectfully requests that this Honourable Court grant relief sought in this Report.

Dated at Toronto this 26<sup>th</sup> day of November, 2018

**msi Spergel inc.,**  
solely in its capacity as court-appointed  
Receiver of 2236715 Ontario Ltd. o/a  
Luxury and Sports Cars and not in its  
personal or corporate capacity

Per:



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Mukul Manchanda, CIRP, LIT  
Principal

# APPENDIX 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

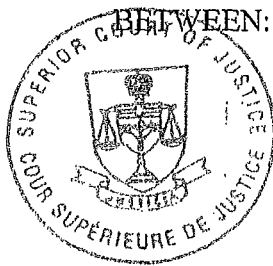
JUSTICE DUNPHY

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FRIDAY, THE 3<sup>rd</sup> DAY

OF AUGUST, 2018

BETWEEN:



**ROYAL BANK OF CANADA**

Applicant

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE  
*COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED.**

**ORDER**

**THIS MOTION**, made by Royal Bank of Canada (“RBC”), for an Order, *inter alia*, pursuant to subsection 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”), discharging msi Spergel inc. (“Spergel”) as interim receiver (in such capacity, the “Interim Receiver”) of 2236715 Ontario Limited o/a Luxury and Sports Cars (the “Debtor”), and appointing Spergel as receiver (in such capacity, the “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, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "**First Leung Affidavit**"), the affidavit of Kevin Leung sworn July 25, 2018 and the exhibits thereto (the "**Second Leung Affidavit**"), the First Report of the Interim Receiver dated July 24, 2018 (the "**First Report**"), the Supplement to the First Report of the Interim Receiver dated August 1, 2018 (the "**Supplement to the First Report**"), the consent of Spergel to act as the Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Diana McMillen sworn July 27, 2018, filed,

**SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

**DISCHARGE OF INTERIM RECEIVER AND APPOINTMENT OF RECEIVER**

2. **THIS COURT ORDERS** that the First Report and the activities of the Interim Receiver, as set out in the First Report, be and are hereby approved.

3. **THIS COURT ORDERS** that the Supplement to the First Report and the activities of the Interim Receiver, as set out in the Supplement to the First Report, be and are hereby approved.

4. **THIS COURT ORDERS** that Spergel be discharged as Interim Receiver of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Debtor's business, provided, however, that notwithstanding its discharge herein: (a) the Interim Receiver shall remain Interim Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein; and (b) the Interim Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including, without limitation, all approvals, protections and stays of proceedings in favour of Spergel in its capacity as Interim Receiver.

5. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Spergel 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**

6. **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, protect and maintain control of 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 \$75,000, provided that the aggregate consideration for all such transactions does not exceed \$750,000; 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, 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;
- (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 conduct examinations, if deemed necessary, including, without limitation, an examination of Hossein Totonchian, Tana Totonchian, Ardavan Khavari, and Mohammad Moradi;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) 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;
- (q) to make an assignment in bankruptcy on behalf of the Debtor if it deems appropriate, in its sole discretion;
- (r) 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;
- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (t) 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.

7. **THIS COURT ORDERS** that the Vehicle Sale Agreement, as defined in the Supplement to the First Report, be and is hereby approved, with such minor amendments as the Receiver deems necessary.

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

8. **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.

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 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 7 or in paragraph 8 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.

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 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**

12. **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**

13. **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**

14. **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**

15. **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**

16. **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**

17. **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**

18. **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 subsection 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 subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

#### **PIPEDA**

19. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any other applicable provincial privacy legislation, 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**

20. **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**

21. **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 subsections 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**

22. **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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. **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.

24. **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**

25. **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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

26. **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.

27. **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.

28. **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**

29. **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/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: <http://www.spergel.ca/luxurycars/>.



30. **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**

31. **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.

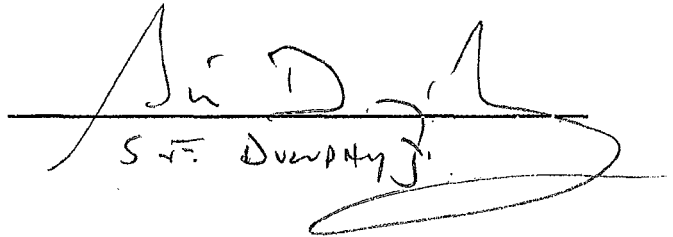
32. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

33. **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.

34. **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.

35. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant'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.

36. **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.

  
S. J. DWYER

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

AUG 03 2018

PER / PAR:



**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

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

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

1. **THIS IS TO CERTIFY** that msi Spergel inc., the receiver (the "Receiver") of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (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 3<sup>rd</sup> day of August, 2018 (the "Order") made in an application bearing Court file number CV-18-00600821-00CL, 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 (as defined in the Order), 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 defined in the Order) 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 \_\_\_\_\_, 2018.

**MSI SPERGEL INC.,** solely in its capacity as  
Receiver of the Property (as defined in the Order),  
and not in its personal or corporate capacity

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

Name:

Title:

**ROYAL BANK OF CANADA**

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS  
CARS**

Applicant

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**RECEIVERSHIP ORDER**

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*Lawyers for Royal Bank of Canada*

COUNSEL SLIP

COURT FILE NO CV-18-00600821-00CL

DATE 03-AUG-2018

NO ON LIST 11

ROYAL BANK OF CANADA

v.

2236715 ONTARIO LIMITED

TITLE OF  
PROCEEDING

COUNSEL FOR:

PLAINTIFF(S)

APPLICANT(S)

PETITIONER(S)

Miranda Spence

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COUNSEL FOR:

DEFENDANT(S)

RESPONDENT(S)

S.F. DUNPHY

Unopposed. The discharge of IR  
& appointment as R is fully justified  
on evidence before me. Draft order  
reviewed and signed.

## APPENDIX 2

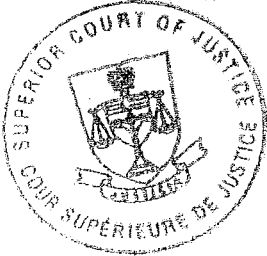
**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE HAINÉY

)  
)  
)

WEDNESDAY, THE 4<sup>th</sup>  
DAY OF JULY, 2018

BETWEEN:



**ROYAL BANK OF CANADA**

Applicant

- and -

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE  
*COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**ORDER**

**THIS APPLICATION**, made by Royal Bank of Canada (“RBC”), for an Order, *inter alia*, pursuant to subsection 47(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 msi Spergel inc. (“Spergel”) as interim receiver (in such capacity, the “Interim Receiver”), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the “Debtor”) acquired for, or used in relation to the Debtor’s business, was heard this day at 330 University Avenue, Toronto, Ontario.



**ON READING** the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "**Leung Affidavit**"), the consent of Spergel to act as the Interim Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although served as appears from the affidavit of service of Diana McMillen sworn July 3<sup>rd</sup>, 2018, filed,

**SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

**APPOINTMENT**

2. **THIS COURT ORDERS** that pursuant to subsection 47(1) of the BIA and section 101 of the CJA, Spergel is hereby appointed Interim 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**") until the earlier of:

- (a) the taking of possession by a receiver, within the meaning of subsection 243(2) of the BIA, of the Property;
- (b) the taking of possession by a trustee in bankruptcy of the Property; and
- (c) August 3, 2018.

**INTERIM RECEIVER'S POWERS**

3. **THIS COURT ORDERS** that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:

- (a) to monitor the Debtor's receipts and disbursements, including, without limitation, the right to access all information relating to the Debtor's accounts or finance activities at any financial institution;
- (b) to 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 investigate and prepare a financial report as to the operations of the Debtor which will include the assets, liabilities and disposition of all Property for the twelve (12) month period preceding the date of this Order;
- (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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to summarily dispose of the Property that is perishable or likely to depreciate rapidly in value;
- (f) to conduct examinations, if deemed necessary, including, without limitation, an examination of Hussein Totonchian and Tana Totonchian;
- (g) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable; and
- (h) 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 Interim 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 INTERIM 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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver’s request. For greater certainty, the Debtor and/or Hussein Totonchian personally shall immediately provide to the Interim Receiver the information requested by RBC’s counsel by way of its email dated June 25, 2018, addressed to the Debtor’s counsel.

5. **THIS COURT ORDERS** that, upon receiving a request by the Interim Receiver, the Ministry of Transportation, Service Ontario, and/or any other government department, ministry or agency responsible for vehicle registration in any other Province or Territory of Canada, are hereby directed to provide the Interim Receiver with details relating to any transfer of ownership of any of the Property, including, without limitation, the identities of the parties to the transfer, the consideration paid and any other details reasonably incidental thereto.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim 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 Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE INTERIM 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 Interim Receiver except with the written consent of the Interim 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 Interim 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 Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt 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 INTERIM 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 Interim 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, 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 Debtor 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 Debtor, or as may be ordered by this Court.

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

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Interim 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 Interim 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. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 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* and any other applicable provincial privacy legislation, the Interim 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 Interim 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 Interim 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 Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY**

17. **THIS COURT ORDERS** that the Interim 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 subsections 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **INTERIM RECEIVER'S ACCOUNTS**

18. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Interim Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Interim 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 Interim 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 normal rates and charges of the Interim 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**

21. **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/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: <http://www.spergel.ca/luxurycars/>.

22. **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**

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

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

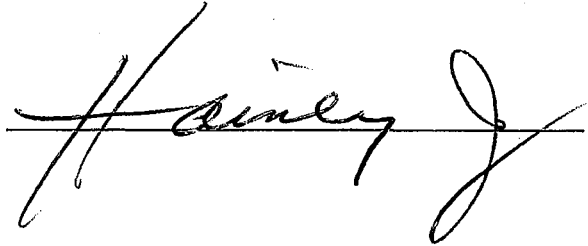
25. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts,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

26. **THIS COURT ORDERS** that the Interim 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 Interim 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.

27. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Interim Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

28. **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 Interim 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.

A handwritten signature in cursive script, appearing to read "Hainey J.", written over a horizontal line.

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

JUL 04 2018

PER/PAR: RW

ROYAL BANK OF CANADA

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS  
CARS

Applicant

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**INTERIM RECEIVERSHIP ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
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*Lawyers for Royal Bank of Canada*

9:30 A.M.

COUNSEL SLIP

H

COURT FILE NO \_\_\_\_\_

DATE July 4, 2018

NO ON LIST 4A

ROYAL BANK OF CANADA

TITLE OF  
PROCEEDING

✓ 2236715 ONTARIO (T.I.)

COUNSEL FOR:

PHONE & FAX NOS

PLAINTIFF(S)

APPLICANT(S)

PETITIONER(S)

Miranda Spence - for RBC

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COUNSEL FOR:

PHONE & FAX NOS

DEFENDANT(S)

RESPONDENT(S)

July 4, 2018

I am satisfied that  
this application should  
be granted on the  
terms of the attached  
order.

Haining J.

# APPENDIX 3

Court File No. CV-18-00600821-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

Respondent

**FIRST REPORT OF MSI SPERGEL INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED INTERIM RECEIVER OF  
2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

**July 24, 2018**

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5.0	CONCLUSIONS AND RECOMMENDATIONS	Page 9

**APPENDICES**

1. Interim Receivership Order of the Honourable Justice Hainey dated July 4, 2018
2. Engagement Letter dated June 4, 2018
3. Inventory listing containing list of vehicles listed on the Company's Kijiji.ca listing
4. Corporation Profile Report of 2596319 Ontario Inc. and Assignment Agreement
5. Transcript of Hossein's examination, Share Purchase Agreement dated March 2, 2018 and Resignation dated March 2, 2018
6. Letters to Chartreuse Bancorp Inc. dated July 6, 2018 and July 17, 2018
7. Letter to Blaney McMurtry LLP dated July 19, 2018 together with the Interim Receivership Order of the Honourable Justice Hainey dated July 4, 2018



## **1.0 APPOINTMENT**

- 1.0.1 This report (this "**Report**") is filed by msi Spergel inc. ("**Spergel**") in its capacity as the Court-appointed interim receiver (in such capacity, the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars ("**Luxury Cars**" or the "**Company**").
- 1.0.2 Luxury Cars is a corporation incorporated pursuant to the laws of the Province of Ontario and carried on business as a used vehicle dealership. Luxury Cars operates from leased premises located at 4160 Steeles Avenue West, Woodbridge, Ontario (the "**Premises**").
- 1.0.3 Spergel was appointed as the Interim Receiver, without security, of all of the assets, undertakings and properties of the Company (collectively, the "**Property**") by Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made July 4, 2018 (the "**Appointment Order**"). The Appointment Order was obtained on the application of the Company's senior secured creditor, Royal Bank of Canada ("**RBC**" or the "**Bank**"). Attached as **Appendix "1"** to this Report is a copy of the Appointment Order.

## **2.0 PURPOSE OF THIS REPORT AND DISCLAIMER**

- 2.0.1 The purpose of this Report is to advise the Court as to the steps taken by the Interim Receiver in these proceedings and to seek Orders from this Court:
- (a) approving this Report and the actions of the Interim Receiver described herein; and
  - (b) such further and other relief as this Court deems just.

- 2.0.2 The Interim 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 Report for any other purpose.
- 2.0.3 In preparing this Report, the Interim Receiver has relied upon certain information extracted from the Company's website and other external sources. The Interim Receiver has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Interim Receiver expresses no opinion or other form of assurance with respect to such information.
- 2.0.4 All references to dollars in this Report are in Canadian currency unless otherwise noted.

### **3.0 BACKGROUND**

- 3.0.1 Pursuant to an engagement letter dated June 4, 2018 (the "**Engagement Letter**") and prior to the issuance of the Appointment Order, Spergel was engaged by RBC (with the consent of the Company) as consultant (in such capacity, the "**Consultant**") to, among other things, review and report on the financial performance of the Company and evaluate the Bank's security position and the Company's future prospects and viability. Attached as **Appendix "2"** to this Report is a copy of the Engagement Letter.
- 3.0.2 Spergel, upon its appointment as the Consultant, communicated with Hossein Totonchian ("**Hossein**"), the principal of Luxury Cars, to schedule a site visit to the Premises. The Consultant attended at the Premises on June 15, 2018, on the consent of Hossein, and noted that substantially all of the Property had been removed from the Premises. The Consultant met with an employee of Luxury Cars, Habib Taghikhani ("**Habib**"), who

advised the Consultant that all of the vehicles owned by Luxury Cars had purportedly been sold, however, he was not able to identify the purported purchasers of the vehicles.

- 3.0.3 Subsequent to its visit to the Premises, the Consultant reviewed the Company's website and its listings on autotrader.ca, and noted that the Company had deactivated the inventory section on its website and had removed all of its listings from autotrader.ca. However, the Consultant was able to find the Company's listing on Kijiji.ca and prepared an inventory listing based on the vehicles listed on Kijiji.ca (the "Inventory Listing"). The Consultant was also able to identify the VIN numbers of the majority of the vehicles that were listed on the Company's Kijiji.ca listing.

#### **4.0 ACTIONS OF THE INTERIM RECEIVER UPON APPOINTMENT**

- 4.0.1 A copy of the Appointment Order was provided to the Company by RBC's counsel.
- 4.0.2 Immediately upon the granting of the Appointment Order, the Interim Receiver attended at the Premises. During its attendance at the Premises, the Interim Receiver noted that the Premises was empty and locked. The Interim Receiver noted that there were three vehicles parked in the outside parking lot of the Premises. The Interim Receiver immediately ordered Used Vehicle Information Packages ("UVIP") for all the vehicles listed on the Inventory Listing. Shortly after the Interim Receiver arrived at the Premises, Habib also arrived at the Premises and advised the Interim Receiver, among other things, that two of the three vehicles parked on the Premises purportedly belonged to a third party, but would not identify that third party. Shortly thereafter, Habib removed the two vehicles from the Premises and declined to advise the Interim Receiver as to where these

vehicles were being transported. The UVIP of one of the two vehicles removed by Habib indicated that its ownership was transferred from Luxury Cars on June 21, 2018.

4.0.3 The UVIP for the vehicles listed on the Inventory Listing indicated that:

- a) ownership of thirteen (13) of the thirty-nine (39) vehicles listed on the Inventory Listing had been transferred from Luxury Cars to various parties in June 2018;
- b) seven (7) of the thirteen (13) vehicles were transferred to Chartreuse Bancorp Inc. ("**Chartreuse**"), which is a related party to the Company. Chartreuse and its relationship with the Company is discussed in greater detail in paragraph 4.0.9 of this Report; and
- c) the combined retail value of the seven (7) vehicles transferred to Chartreuse, as indicated on the Company's Kijiji.ca listing, is approximately \$248,000.

Attached hereto as **Appendix "3"** is the Inventory Listing containing the retail values of the vehicles.

#### ***Books and Records and Access to the Premises***

4.0.4 As indicated above, upon the Interim Receiver's attendance at the Premises, it noted that the Premises were locked. Accordingly, and in accordance with the Appointment Order, Harrison Pensa LLP, counsel for the Interim Receiver (the "**Interim Receiver's Counsel**"), wrote to Soble, Rickards and Associates, counsel for the Company and Hossein ("**Hossein's Counsel**"), requiring, among other things,

- a) access to the Premises;
- b) information as to the whereabouts of the Property;
- c) access to books and records of the Company; and
- d) Hossein and Tana Totonchian ("**Tana**"), Hossein's wife, to attend at examinations.

4.0.5 Hossein's Counsel advised that Hossein no longer had access to the Premises, and that the Interim Receiver should contact the owner of the Premises, Balfior Investments Inc. (the "**Landlord**"), to obtain access to the Premises. Accordingly, the Interim Receiver's Counsel wrote to the Landlord and requested access to the Premises. The Landlord advised that it was not able to provide access to the Interim Receiver, as the lease agreement dated July 16, 2012 between Luxury Cars and the Landlord had purportedly been assigned to 2593619 Ontario Inc. o/a Exeland Financial ("**259**") pursuant to an assignment of lease dated February 15, 2018 (the "**Assignment Agreement**").

4.0.6 The corporation profile report of 259 indicates that, among others, Hossein is a director of 259. Attached as **Appendix "4"** to this Report is a copy of the corporation profile report of 259 and a copy of the Assignment Agreement.

4.0.7 Given that Hossein is a director of 259, the Interim Receiver requested that Hossein provide his consent to the Landlord to provide the Interim Receiver with access to the Premises. On July 10, 2018, the Interim Receiver was provided access to the Premises. During its attendance at the Premises, the Interim Receiver noted that all of the books and records

of the Company had been removed from the Premises, and there remained only three computers, which the Interim Receiver took in its possession. Subsequently, the Interim Receiver's Counsel wrote to Hossein's Counsel advising that no books and records were present at the Premises, and requiring Hossein to provide the books and records with no further delays. Hossein's Counsel advised that Hossein would provide the books and records of the Company in his possession at his examination scheduled for July 12, 2018.

***Examination of Hossein***

4.0.8 On July 12, 2018, the Interim Receiver examined Hossein under oath. During the examination Hossein advised, among other things, that:

- a) on March 2, 2018, pursuant to a share purchase agreement (the "**Share Purchase Agreement**") the Hossein Totonchian 2012 Family Trust had sold 100 common shares of Luxury Cars (being all of the issued and outstanding shares of Luxury Cars) to Chartreuse for consideration of \$100;
- b) in connection with the sale, Hossein had resigned as an officer of Luxury Cars by way of a resignation dated March 2, 2018 (the "**Resignation**");
- c) no valuation of Luxury Cars was obtained prior to entering into the Share Purchase Agreement;
- d) all of the books and records of the Company post the Share Purchase Agreement are in the possession of Chartreuse and/or its principals Ardavan Khavari ("**Khavari**") and Mohammad Moradi ("**Moradi**"); and

e) Blaney McMurtry LLP ("**Blaney**") represented Chartreuse in relation to the Share Purchase Agreement;

Attached hereto as **Appendix "5"** to this Report, is a copy of the transcript of the examination of Hossein, together with the Share Purchase Agreement and the Resignation.

***Chartreuse Bancorp Inc.***

4.0.9 Prior to the examination of Hossien, on July 6, 2018, the Interim Receiver's Counsel wrote to Chartreuse regarding the transfer of at least seven (7) of the Company's vehicles to Chartreuse and requiring, among other things, Chartreuse to provide:

a) documents evidencing the transfer of seven (7) vehicles from Luxury Cars to Chartreuse, including, but not limited to, all supporting documents, Bills of Sale issued by Luxury Cars to Chartreuse, and evidence of payment of the purchase price by Chartreuse to the Company; and

b) all security agreements as between Chartreuse and the Company.

4.0.10 The Interim Receiver did not receive a response to its July 6, 2017 letter to Chartreuse.

4.0.11 Following the examination of Hossein, the Interim Receiver's Counsel wrote to Chartreuse on July 17, 2018 requiring that Chartreuse respond to the July 6, 2018 letter and provide to the Interim Receiver all books and records of the Company.

Attached hereto as **Appendix "6"** to this Report, are copies of the letters to Chartreuse.

4.0.12 In addition, the Interim Receiver's Counsel wrote to Blaney on July 19, 2018 and asked that Blaney provide all of the books and records of the Company in its possession. Interim Receiver's Counsel further requested that Blaney confirm that it is counsel for Chartreuse, Khavari and Moradi, and that the Interim Receiver may direct further correspondence related to Luxury Cars to Blaney. Attached as **Appendix "7"** to this Report is a copy of the letter to Blaney.

4.0.13 In addition, the Interim Receiver scheduled examinations under oath for both Kharvi and Moradi to be held on July 25, 2018.

4.0.14 On July 23, 2018, the Interim Receiver received certain books and records of Luxury Cars from Blaney. The Interim Receiver is currently in the process of reviewing the information provided by Blaney.

## **5.0 CONCLUSIONS AND RECOMMENDATIONS**

5.0.1 Given the Interim Receiver's findings above, it is the Interim Receiver's view that certain assets of Luxury Cars, over which RBC has or may have security, were transferred to Chartreuse.

5.0.2 In addition, Chartreuse now owns the shares of Luxury Cars. It appears that Chartreuse and Luxury Cars were dealing with each other at non-arm's length. As such, further investigation and inquiries into the affairs of Luxury Cars and Chartreuse is warranted.

5.0.3 It is the Interim Receiver's understanding that RBC intends to bring a motion, among other things, to appoint Spergel as a Court-appointed receiver in relation to the assets and undertakings of Luxury Cars. Should



this Court grant a receivership in relation to the assets and undertakings of Luxury Cars, Spergel consents to its appointment as receiver and has provided a signed consent to RBC.

5.0.4 The Interim Receiver respectfully requests that this Court grant an Order approving this Report and the actions of the Interim Receiver described herein.

Dated at Toronto this 24<sup>th</sup> day of July, 2018.

**msi Spergel inc.,**  
solely in its capacity as court-appointed  
Interim Receiver of 2236715 Ontario Limited  
o/a Luxury and Sports Cars and not in its  
personal or corporate capacity

Per:



---

Mukul Manchanda, CIRP, LIT  
Principal

## APPENDIX 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

Respondent

**SUPPLEMENT TO THE FIRST REPORT OF MSI SPERGEL INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED INTERIM RECEIVER OF  
2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

**August 1, 2018**

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4.0	RECOMMENDATIONS AND CONCLUSION	Page 4

## **APPENDICES**

1. Draft Vehicle Sale Agreement

## **1.0 APPOINTMENT AND PURPOSE OF REPORT**

- 1.0.1 msi Spergel inc. ("**Spergel**"), in its capacity as the Court-appointed interim receiver (in such capacity, the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars ("**Luxury Cars**" or the "**Company**") filed its first report to the Court dated July 24, 2018 (the "**First Report**"). The Royal Bank of Canada ("**RBC**" or the "**Bank**") has brought a motion to, among other things, appoint Spergel as a Court-appointed receiver (the "**Proposed Receiver**") in relation to the assets and undertakings of Luxury Cars on August 3, 2018. All terms not otherwise defined shall be as defined in First Report.
- 1.0.2 This report is supplemental to the First Report (the "**Supplemental Report**"). The purpose of this Supplemental Report is to provide the Court with information on the Interim Receiver's activities since the First Report and request to have this Honourable Court approve the sale process in relation to certain assets of the Company pursuant to the Vehicle Sale Agreement (as defined herein).

## **2.0 DISCLAIMER**

- 2.0.2 The Interim 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 Supplemental Report for any other purpose.
- 2.0.3 In preparing this Supplemental Report, the Interim Receiver has relied upon certain information extracted from the Company's website and other external sources. The Interim Receiver has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Interim Receiver

expresses no opinion or other form of assurance with respect to such information.

2.0.4 All references to dollars in this Supplemental Report are in Canadian currency unless otherwise noted.

### **3.0 ACTIVITIES SINCE FIRST REPORT**

3.0.1 The Interim Receiver was concerned about the transfer of the following seven (7) vehicles from the Company to Chartreuse Bancorp Inc. (“**Chartreuse**”) prior to its appointment:

<b>VEHICLES</b>	<b>VIN</b>
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 535i	WBA5B3C57ED530245
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

(collectively the “**Vehicles**”)

3.0.2 As detailed in the First Report, Chartreuse is a shareholder of the Company pursuant to the Share Purchase Agreement.

3.0.3 On July 25, 2018 the Interim Receiver examined Ardavan Khavari, the principal of Chartreuse (the “**Khavari Examination**”).

- 3.0.4 At the Khavari Examination the Interim Receiver was advised that Chartreuse was in possession of the Vehicles and claims to have a purchase money security interest in the Vehicles.
- 3.0.5 RBC also claims a priority interest in the Vehicles.
- 3.0.6 In an effort to have the Vehicles sold for the highest price and realizing the rapidly depreciating nature of vehicles the Proposed Receiver and Chartreuse have agreed to enter into an agreement, subject to approval of this Court, wherein Chartreuse will market the Vehicles for sale and the terms of such sale will be subject to the approval of the Proposed Receiver (the "**Vehicle Sale Agreement**").
- 3.0.7 The draft Vehicle Sale Agreement, which is attached at **Appendix "A"** hereto, has Chartreuse market and sell the Vehicles, with the terms of the sale of each of the Vehicles being approved by the Proposed Receiver. The Proposed Receiver will hold all proceeds of sale in trust and only release same upon the consent of the Proposed Receiver, the Bank and Chartreuse and with further order of the Court.
- 3.0.8 As at the date of this Supplemental Report, the terms of the Vehicle Sale Agreement have yet to be finalized and executed by the parties.
- 3.0.9 The Proposed Receiver anticipates an agreement comparable to the Vehicle Sale Agreement will be agreed to by Chartreuse, the Bank and the Proposed Receiver.

#### **4.0 RECOMMENDATIONS AND CONCLUSION**

- 4.0.1 The Order sought to appoint the Proposed Receiver empowers the Proposed Receiver to market and sell the assets of the Company.
- 4.0.2 The Proposed Receiver is of the view that the Vehicle Sale Agreement is the most effective method of selling and marketing the Vehicles and will



ensure the Vehicles are sold in a commercially reasonable manner thus maximizing the recoveries for the stakeholders of the Company.

5.0.1 The Interim Receiver respectfully requests that this Honourable Court grant an Order approving the following:

- a. This Supplemental Report and the actions of the Interim Receiver described herein; and,
- b. The sales process of the Vehicles as outlined in the Vehicle Sale Agreement, with such amendments as the Proposed Receiver deems necessary.

Dated at Toronto this 1st day of August, 2018.

**msi Spergel inc.,**  
solely in its capacity as court-appointed  
Interim Receiver of 2236715 Ontario Limited  
o/a Luxury and Sports Cars and not in its  
personal or corporate capacity

Per:



---

Mukul Manchanda, CIRP, LIT  
Principal

## APPENDIX 5

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

BETWEEN:

ROYAL BANK OF CANADA,

APPLICANT,

AND

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS,

RESPONDENT,

APPLICATION UNDER SUBSECTION 47(1) OF THE BANKRUPTCY  
AND INSOLVENCY ACT, R.S.C., 1985, c.B-3, AS AMENDED  
AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.  
1990, c.C.43, AS AMENDED

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EXAMINATION FOR DISCOVERY OF  
ARDAVAN KHAVARI

WEDNESDAY, JULY 25, 2018  
10:04 A.M.

**APPEARANCES**

**ON BEHALF OF THE APPLICANT,**

**ROYAL BANK OF CANADA:**

MELINDA VINE, MS.

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**ON BEHALF OF THE THIRD PARTY,**

**CHARTREUSE BANCORP:**

JOHN POLYZOGOPOULOS, MR.

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**INDEX OF UNDERTAKINGS**

<u>U/T NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO:</u>
1.	To produce, upon request, any sale files with respect to any vehicles sold by 223, including credit applications, bill of sales from November 2017 to June 30, 2018	68

NOTE: The above-recorded indices are provided for ease of reference only and are not to be relied upon in any manner whatsoever by the parties hereto or any third party.

**INDEX OF UNDER ADVISEMENTS**

<u>U/A NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO:</u>
1.	To produce accounting records related to any transactions between Chartreuse and Luxury	52

NOTE: The above-recorded indices are provided for ease of reference only and are not to be relied upon in any manner whatsoever by the parties hereto or any third party.

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2	Lending Security agreement between Chartreuse and Luxury	35

1 **EXAMINATION FOR DISCOVERY OF ARDAVAN KHAVARI**

2 **WEDNESDAY, JULY 25, 2018**

3 **10:04 A.M.**

4  
5  
6  
7 ARDAVAN KHAVARI, Affirmed,

8 EXAMINATION BY MS. VINE:

9 1. Q. Can you state your name for the record?

10 A. Ardavan Khavari.

11 2. Q. And your date of birth?

12 A. May 27, 1986.

13 3. Q. Okay. And can you tell me your position or  
14 relationship with Chartreuse Bancorp Inc.?

15 A. I raise funds for Chartreuse Bancorp and I  
16 work closely with them on their, basically their  
17 financing and raising and bringing investors for the  
18 company.

19 4. Q. And what position do you hold with them,  
20 with Chartreuse?

21 A. As I men -- based on the contract that I  
22 have with them, I raise funds for them. I'm not an  
23 officer. I'm not a director of the company.

24 5. Q. We're also going to be discussing today

25 2236715 Ontario Ltd., which operated as Luxury Sports

1 Cars. Can you tell us how you became involved with --  
2 I'm going to refer to them as 223.

3 A. Sure.

4 MR. POLYZOGOPOULOS: How about  
5 Luxury?

6 MS. VINE: Sure.

7 MR. POLYZOGOPOULOS: Even easier.

8 MR. MANCHANDA: Even better.

9 MS. VINE: Sure.

10 BY MS. VINE:

11 6. Q. How you became involved with Luxury?

12 A. Luxury Sports Cars, we got to know the owner  
13 of Luxury Sports Cars through a friend.

14 7. Q. And I'm just going to stop you. Do you mean  
15 by owner, what -- who are you speaking about?

16 A. Hossein Tootoonchian. Yes, through a good  
17 friend. Hossein Tootoonchian. Hossein Tootoonchian  
18 presented himself to us as this gentleman that's been  
19 in the car industry for a very long time. And he is -  
20 - he has run many dealerships and he owns two other  
21 new dealerships down in Hamilton. And he has this  
22 used car dealership.

23 We were a financing company, the private  
24 lender.

25 8. Q. Hold on.

1 A. And when I say we, I mean Chartreuse  
2 Bancorp.

3 9. Q. Okay.

4 A. Right. Chartreuse Bancorp was new in  
5 business. We were looking -- again, by we, I mean  
6 Chartreuse -- looking to have a place as just a lease,  
7 have couple of rooms so we can be present in the area  
8 of all the used car dealerships or usually, they're on  
9 the west and northwest ends of the city. So, we can be  
10 present. So, if there is any deal, we can say that we  
11 fund in less than 24 hours. We are just very  
12 accessible and we are there.

13 And Hossein Tootoonchian told us that if we  
14 have -- if we rent a place over there, he's going to  
15 help us with finding clients and he's going to help us  
16 if we need to -- if the loan goes bad we need to  
17 repossess the vehicle with the resale of it. And he  
18 offered his OMVIC license and he could assist us in  
19 this positions.

20 ARDAVAN KHAVARI, Resumed,

21 EXAMINATION BY MR. MANCHANDA:

22 10. Q. Can you give us a timeline as to when this  
23 discussion happened, ballpark?

24 A. I don't remember.

25 ARDAVAN KHAVARI, Resumed,

1 CONTINUED EXAMINATION BY MS. VINE:

2 11. Q. Two thousand and seventeen?

3 A. I believe so. I have to -- I don't  
4 remember.

5 ARDAVAN KHAVARI, Resumed,

6 CONTINUED EXAMINATION BY MR. MANCHANDA:

7 12. Q. Do you remember when you first moved into  
8 4160 Steeles, which is the premises located at ---

9 A. It was sometime in end of 2017, beginning of  
10 2018, was some time around there, but I don't remember  
11 the exact dates to give you. But I can tell you it  
12 was end of 2017, like, sometime around there. I don't  
13 remember the exact date that we moved in.

14 ARDAVAN KHAVARI, Resumed,

15 CONTINUED EXAMINATION BY MS. VINE:

16 13. Q. Now, how did you lease this space?

17 A. How did se lease this space?

18 14. Q. Right.

19 A. We were just -- at the beginning when we  
20 went there, we had this rent agreement with them that  
21 we gonna sublease two rooms from them.

22 MS. VINE: Can we get an undertaking  
23 to get that rental agreement?

24 MR. POLYZOGOPOULOS: Do you know  
25 whether you have access to it?

1 THE DEPONENT: Having access to it,  
2 I'm not sure if we do because ---

3 MS. VINE: Best efforts?

4 THE DEPONENT: --- a lot of the stuff  
5 was left inside of that premises which Hossein was  
6 supposed to take them out, because when the landlords  
7 came, we couldn't get -- even though we were saying we  
8 were subleasing, they wouldn't let us go back in  
9 there. That was there. So, I'd have to look.

10 MR. POLYZOGOPOULOS: My understanding  
11 is the client has made efforts to find documents and  
12 we've produced quite a few through the ftp link I sent  
13 you. So, I don't know what further efforts can be  
14 made.

15 THE DEPONENT: It wasn't part of  
16 that?

17 MS. VINE: I didn't see it.

18 MR. POLYZOGOPOULOS: No.

19 MS. VINE: So, what you're saying is  
20 that if it's not in what we already have, you don't  
21 have it?

22 MR. POLYZOGOPOULOS: That's the most  
23 likely scenario, yes.

24 MS. VINE: Okay.

25 ARDAVAN KHAVARI, Resumed,

1 CONTINUED EXAMINATION BY MR. MANCHANDA:

2 15. Q. Do you remember the terms of that agreement,  
3 in terms of how much you were paying on a monthly  
4 basis?

5 A. I'm sorry.

6 MR. POLYZOGOPOULOS: You need to  
7 speak up.

8 THE DEPONENT: No, I don't remember  
9 that.

10 ARDAVAN KHAVARI, Resumed,

11 CONTINUED EXAMINATION BY MS. VINE:

12 16. Q. Do you recall how you made those rental  
13 payments, by cheque?

14 A. It was -- I think it was by a cheque.

15 MR. MANCHANDA: When we refer to you,  
16 we mean Chartreuse.

17 THE DEPONENT: Chartreuse, yes.  
18 Chartreuse.

19 BY MS. VINE:

20 17. Q. Okay, did that relationship change at some  
21 point?

22 A. Yes.

23 18. Q. Okay, so can you explain to me how and when  
24 it changed?

25 A. While we were operating -- Chartreuse starts

1 basically begin -- Hossein came across as this  
2 trusting person that is facing some financial issues,  
3 and stated by helping Hossein to -- for the landlord  
4 came to shut us -- shut the place down because it was  
5 behind on rent. And the rent was paid through  
6 Chartreuse Bancorp.

7 19. Q. Okay. Just, I'm going to stop you just one  
8 second. When did the landlord come to shut them down?

9 A. I don't remember.

10 20. Q. In 2017?

11 A. Yes.

12 21. Q. So, late 2017?

13 A. Yes.

14 22. Q. Do you remember how long after Chartreuse  
15 moved in there; two months, one month?

16 A. No.

17 23. Q. You don't remember?

18 A. I don't remember, but less than that.

19 24. Q. Less than?

20 A. Yes.

21 25. Q. Less than a month or two. And I'm just  
22 going to back you up one more. Who, on behalf of  
23 Chartreuse, who was actively on the site when you  
24 rented that space? Who was in charge?

25 A. Mo Moradi, Shima Moradi, sometime myself, if



1 I was in the country and or someone from my side,  
2 maybe.

3 26. Q. Okay, and just to be clear ---

4 A. Beatrice.

5 27. Q. Beatrice.

6 A. Alex.

7 28. Q. And these, I think we know all these people.

8 MR. POLYZOGOPOULOS: You are naming  
9 only Chartreuse people now, right?

10 MS. VINE: Okay, that was going to be  
11 my next question.

12 BY MS. VINE:

13 29. Q. Are all these ---

14 A. No, no, I'm talking about the people that  
15 were at the premises.

16 30. Q. Those people were 223.

17 A. Yes.

18 31. Q. I'm talking about who was agents of  
19 Chartreuse.

20 A. Oh, for agent of Chartreuse? It was Mo  
21 Moradi and Shima Moradi, that's it. I thought you  
22 asked who was at the premises.

23 32. Q. Yeah, no problem. I'm glad we clarified  
24 that, because that was just going to be my next  
25 question.

1 A. Yes.

2 33. Q. And at this point, in late 2017, Chartreuse  
3 would offer financing to not just 223's customers, but  
4 any third party dealership or was it just Luxury's?

5 A. Chartreuse was -- no, for every dealerships.  
6 We had deals from other dealerships as well.

7 34. Q. Now, generally, can you tell me how a  
8 financing deal would work?

9 A. There is a business manager and again, I  
10 mostly, my specialty is in raise funds for the actual  
11 fund and for the actual deal. My job is not for the  
12 underwriting, but I know a little about it. I was  
13 there ever day the business was running.

14 There is a business manager from the  
15 dealerships that prepared the file from the clients,  
16 providing Equifax, providing two piece of I.D.,  
17 providing net worth statement, like typical stuff.

18 35. Q. A credit application file.

19 A. A credit application ready for underwrite.

20 36. Q. Okay.

21 A. We have one person from Chartreuse Bancorp  
22 would review the file and if the file is approved,  
23 they'll go to the other officer or one of the other  
24 staff of Chartreuse and provide -- they check the  
25 vehicle, they check -- they install the GPS, they make

1 sure everything is okay with the car and they deliver  
2 -- they go drop off the cheque to the dealership that  
3 -- whichever dealership that we are financing from.

4 37. Q. Okay. Now, all the cars that are financed  
5 have GPS in them, so you can locate them, is that why?

6 A. Yes.

7 MR. POLYZOGOPOULOS: You can  
8 immobilize them too, if payments aren't made.

9 MS. VINE: Repossession in the ---

10 MR. POLYZOGOPOULOS: Twenty-first  
11 century.

12 MS. VINE: Yeah.

13 BY MS. VINE:

14 38. Q. Okay. Now, then on paper, how does this  
15 look? How do you secure your deals?

16 A. We register a lien against the vehicle and  
17 the vehicle stays under the name of Chartreuse Bancorp  
18 because it's a lease or in another word, it's in a  
19 long term rent.

20 39. Q. So, you only leased cars, because there's a  
21 difference between leasing and financing, right?

22 A. We are a leasing financing vehicle -- sorry,  
23 we are a leasing financing company, but most of our  
24 business is lease. Very small portion of our company  
25 is finance. We always like to be on the title.

1 40. Q. Do you have standard lease documents, do you  
2 know? Like form agreements?

3 A. Yes.

4 MS. VINE: Can we get a copy of the  
5 standard form lease? And I would assume that they're  
6 different for financing and ---

7 MR. POLYZOGOPOULOS: Yeah.

8 MS. VINE: Well, you know what?  
9 Let's hold off that undertaking because I'm probably  
10 going to ask about specific vehicles and we'll  
11 probably get there.

12 MR. POLYZOGOPOULOS: Okay.

13 MS. VINE: So, we'll get to that, now  
14 that I think about it.

15 MR. POLYZOGOPOULOS: Okay.

16 BY MS. VINE:

17 41. Q. So, when you say title stayed with you, what  
18 did your registrations look like?

19 A. The registration would show the beneficial  
20 owner is that is Chartreuse Bancorp.

21 ARDAVAN KHAVARI, Resumed,

22 CONTINUED EXAMINATION BY MR. MANCHANDA:

23 42. Q. So, when these purchasers bought the cars  
24 from a dealer, and they come to you for  
25 financing/leasing, would you cut a cheque to the

1 dealership ---

2 A. Yes.

3 43. Q. --- for the amount of the car and then take  
4 ownership?

5 A. Yes.

6 MR. POLYZOGOPOULOS: And I believe  
7 some of the seven car files that we've provided have  
8 copies of cheques to the dealership.

9 MR. MANCHANDA: I believe so, yes.  
10 I'm not sure about the timing though.

11 MR. POLYZOGOPOULOS: Okay.

12 ARDAVAN KHAVARI, Resumed,

13 CONTINUED EXAMINATION BY MS. VINE:

14 44. Q. Okay. And what was the difference between a  
15 lease and the financing, as it just what the customer  
16 wanted?

17 A. It was based on what the customer has asked  
18 for, do they look to lease a vehicle or are they  
19 looking to finance a vehicle. Because if it's a  
20 finance, it's a lower interest rate and it's harder  
21 for you to get qualified for.

22 ARDAVAN KHAVARI, Resumed,

23 CONTINUED EXAMINATION BY MR. MANCHANDA:

24 45. Q. So, generally speaking, for every car, there  
25 will be a purchaser attached to it and the bill of

1 sale will be in that purchaser's name?

2 A. I don't run the every day business of it,  
3 but I believe so, yes.

4 ARDAVAN KHAVARI, Resumed,

5 CONTINUED EXAMINATION BY MS. VINE:

6 46. Q. So, then the documents would differ between  
7 a lease and a financing transaction because in a  
8 financing transaction, the registration would go in  
9 the name of the purchaser? Is that correct?

10 A. Yes.

11 47. Q. Okay. Going back to when the relationship  
12 changed, can you explain when and how that  
13 relationship changed? We were at the landlord coming  
14 to shut down the business in late 2017.

15 A. They came to shut down the place. Hossein  
16 telling Mo that we don't have the money to pay and we  
17 are shut down. It was very embarrassing for our firm,  
18 Chartreuse Bancorp.

19 We just said we are moving in here and we  
20 are just showing, like, our office representatives,  
21 they are showing up to the offices and all of a  
22 sudden, we are shut down by the landlord.

23 To save us embarrassment, Chartreuse cut --  
24 paid the landlord by cheque, and the full amount of  
25 rents.

1 48. Q. Arrears?

2 A. Pardon?

3 49. Q. The arrears?

4 A. The arrears, yes.

5 50. Q. Do you recall how much that was?

6 A. No. We go back in and couple of days after,  
7 somebody from NextGear apparently shows up, trying to  
8 repossess all the vehicles which they had financed.  
9 They were trying to take them back.

10 Another embarrassment because it looked  
11 really bad when they came in and they saw our sign,  
12 like, we are sitting there and these cars are getting  
13 repossessed by another colleague of ours that is in  
14 the same business that we know each other.

15 Chartreuse Bancorp, took, basically bought  
16 the vehicles from NextGear.

17 51. Q. So, wait. What you're saying is they came  
18 in to repossess the vehicles and you made a deal with  
19 NextGear to buy out the vehicles they were going to  
20 repossess?

21 A. Yes.

22 MS. VINE: All right. I think,  
23 John, you're going to pull something up here?

24 ARDAVAN KHAVARI, Resumed,

25 CONTINUED EXAMINATION BY MR. MANCHANDA:

1 52. Q. While he's trying to pull that up, can I ask  
2 you a question on the landlord?

3 A. Yes.

4 53. Q. When you paid the landlord the arrears, did  
5 you have any arrangement with 223 as to how 223 was  
6 going to pay you back?

7 A. At that moment that we had it, Hossein  
8 committed that he's going to pay back all the rent.  
9 And he claimed that there is a mistake in the  
10 accounting. And Alex and Beatrice, they are taking  
11 money that he doesn't know.

12 But he would keep ensuring us that I'm  
13 paying this back and don't worry, because I will tell  
14 him that this money is coming from the fund and there  
15 is an investment return on this which we have to pay  
16 to this.

17 So, he would keep I'm okay for this, I will  
18 take it. And his thing was if right now, somebody  
19 pulls the plug on me, and if I don't get this help,  
20 the place is going to get shut down. NextGear is  
21 going to be on me, RBC is going to be here.

22 So, just trying to keep ensuring us on that  
23 time that the business is a healthy business that he's  
24 running and the problem is the staff. That they are  
25 stealing there.



1 54. Q. And was there anything in writing?

2 MR. MANCHANDA: Do you need to take a  
3 break?

4 OFF THE RECORD  
5 (WHEREUPON, A BRIEF RECESS WAS TAKEN)  
6 ON THE RECORD

7 ARDAVAN KHAVARI, Resumed,

8 CONTINUED EXAMINATION BY MS. VINE:

9 55. Q. Mukul was just asking you if there was  
10 anything in writing with respect to the rental  
11 arrears?

12 A. I don't recall.

13 ARDAVAN KHAVARI, Resumed,

14 CONTINUED EXAMINATION BY MR. MANCHANDA:

15 56. Q. Was there anything in writing with respect  
16 to the NextGear payment?

17 A. Yes. It's here.

18 MS. VINE: Okay. We are going to  
19 take you to the Memorandum of Understanding, which I'm  
20 going to mark as an exhibit.

21 MR. MANCHANDA: Go off the record.

22 OFF THE RECORD  
23 (WHEREUPON, A BRIEF RECESS WAS TAKEN)  
24 ON THE RECORD

25 ARDAVAN KHAVARI, Resumed,

1 CONTINUED EXAMINATION BY MS. VINE:

2 57. Q. So, we have in front of us a Memorandum of  
3 Understanding between Chartreuse investment and Mr.  
4 Hossein Tootoonchian and Luxury Sports Cars Ltd. Do  
5 you know who drafted this document?

6 A. I don't know.

7 58. Q. You don't know who drafted it?

8 ARDAVAN KHAVARI, Resumed,

9 CONTINUED EXAMINATION BY MR. MANCHANDA:

10 59. Q. Can we go back and ask you to confirm what's  
11 Mo Moradi and Shima Moradi's position with Chartreuse?

12 MR. POLYZOGOPOULOS: Well, Mo's  
13 coming later, so you can ask him.

14 MR. MANCHANDA: Okay.

15 ARDAVAN KHAVARI, Resumed,

16 CONTINUED EXAMINATION BY MS. VINE:

17 60. Q. So, explain to me the circumstances around  
18 this memorandum.

19 A. The memorandum, I -- you know what, I draft  
20 this memorandum, actually.

21 61. Q. You drafted it?

22 A. Yes.

23 62. Q. Okay.

24 A. Now, I'm looking at it, I remember it. The  
25 memorandum was drafted and it was checked by myself.

1 At the time, Mo took it to Mr. Tootoonchian to get it  
2 signed because that was the fastest way for us to get  
3 some thing from Hossein Tootoonchian, sort of an  
4 understanding before having NextGear taking the cars  
5 and having the cars removed from the place.

6 63. Q. This agreement refers to Luxury and Sport  
7 Cars Ltd. Should that have been 223, the numbered  
8 company?

9 A. Yes, absolutely. Again, this was one of the  
10 things that Hossein never disclosed to us. We always  
11 believed that the actual registered name was Luxury  
12 Sports Cars.

13 MR. MANCHANDA: Limited.

14 THE DEPONENT: Limited.

15 BY MS. VINE:

16 64. Q. Okay. So, when I read the terms of this  
17 agreement, it states that, "...Chartreuse will pay  
18 NextGear the amount of \$341,828.57 to pay out a Line  
19 of Credit that is currently owned from Luxury and  
20 Sports Cars to NextGear and that in consideration,  
21 Luxury acknowledges and agrees that 12 cars have been  
22 sold unconditionally to Chartreuse...".

23 A. Yes.

24 65. Q. And those 12 cars are listed at the  
25 Appendix. Is there bills of sale for these cars?

1 A. Yeah, it's attached. This is the list of  
2 cars.

3 66. Q. Right. So, there's no specific bills of  
4 sale for each individual car, do you know?

5 A. I don't.

6 67. Q. Also the name of Chartreuse Investment, is  
7 that?

8 A. Chartreuse Investment is a business name for  
9 Chartreuse Bancorp, it's a registered business name.

10 68. Q. Okay, so really here, we're talking about a  
11 Memorandum of Understanding between Chartreuse Bancorp  
12 and 223.

13 A. Absolutely.

14 69. Q. So, from how I read this -- well, what was  
15 your understanding of the arrangement with respect to  
16 the Memorandum of Understanding?

17 A. Everything was happening very quickly. We  
18 were a new company ourselves and I was really looking  
19 after raising funds at that moment to have the  
20 company, kind of, picking up of -- it's the beginning  
21 of the company. It wasn't like the company was 20, 10  
22 years old. The company was brand new.

23 So, to us, when we were buying these  
24 vehicles and everything, it's -- we were helping  
25 Hossein, we were keeping our reputation because we

1 were just there and we were just leasing a place from  
2 them at the time, I would say.

3 And Hossein would sit with us and tell us  
4 oh, NextGear is charging this much, I can sell this  
5 car this much and I will repay all of these monies  
6 from selling these vehicles and I can commit that.  
7 Help me and let's get this going.

8 So, this draft of this document happened  
9 really fast and we were just trying to help Hossein at  
10 that time not lose the vehicles. And we technically  
11 bought the vehicles from NextGear and we were the  
12 owner. We had Hossein had Luxury signing that they  
13 had no interest against these vehicles. And when they  
14 sell the vehicles, they should repay the money back to  
15 Chartreuse for every vehicle that they sold, which  
16 they didn't do.

17 ARDAVAN KHAVARI, Resumed,

18 CONTINUED EXAMINATION BY MR. MANCHANDA:

19 70. Q. Which they did, sorry?

20 A. Which they didn't do.

21 ARDAVAN KHAVARI, Resumed,

22 CONTINUED EXAMINATION BY MS. VINE:

23 71. Q. Okay. So, this -- it doesn't look to me  
24 that there's a specific amount paid for each vehicle,  
25 it looks like a global amount.

1 A. There was Excel sheets that NextGear  
2 provided with how much Luxury owes for each car, how  
3 many days they were behind. And I think if -- yeah,  
4 isn't it this one? If you see, look at the, I think  
5 it's the third page of the document that is in front  
6 of me, at least, that it says the name of each  
7 vehicle, the VIN number, the dates and the amounts.

8 72. Q. I see. So, you basically paid the remaining  
9 balance to NextGear, is that right?

10 A. I paid the Next Gear the balance, but Luxury  
11 and Hossein, on that time, they sold couple of  
12 vehicles from the inventory of NextGear and they  
13 didn't repay Next Gear back. And Next Gear didn't  
14 know about it.

15 So, once we paid out some of these cars,  
16 they were sold prior to us even knowing existence of  
17 Hossein that was there. And when we had to pay out  
18 NextGear, we paid out for those vehicles as well,  
19 which Hossein sold. And technically, he should have  
20 paid back NextGear but he didn't.

21 73. Q. Okay. And then you have a list of vehicles,  
22 eighty vehicles listed under NextGear and then these  
23 another four vehicles listed under stock vehicles.

24 A. Yes.

25 74. Q. What are the stock vehicles?

1 A. I don't know. What I know is that some of  
2 those cars, they were sold. I remember -- again, I'm  
3 a finance guy. I look at how much guarantee are we  
4 getting, how much money are we putting out there.  
5 That was the thing.

6 And I remember on this deal clearly, the  
7 amount of the money that was given, the amount of the  
8 cars that we got, it was not -- like, we were short by  
9 something, I don't remember, but we were short.

10 ARDAVAN KHAVARI, Resumed,

11 CONTINUED EXAMINATION BY MR. MANCHANDA:

12 75. Q. So, 223 did pay some of that 341,000 back to  
13 Chartreuse?

14 A. Again, the same story that Hossein did with  
15 NextGear, he did with us. He sold the vehicles and he  
16 didn't return the monies back to us.

17 76. Q. So, what I'm asking is did you get any money  
18 back as part of this deal?

19 A. I don't know. You'll have to ask the  
20 accountant.

21 ARDAVAN KHAVARI, Resumed,

22 CONTINUED EXAMINATION BY MS. VINE:

23 77. Q. Okay. Attached to that tab, and I'm going  
24 to mark the whole thing as an exhibit, but there is  
25 cheques from the National Bank, bank drafts it looks

1 like. Were these all in relation to that payment to  
2 NextGear, that Memorandum of Understanding?

3 A. Sorry, I'm not sure what you're looking at.

4 MR. POLYZOGOPOULOS: That's -- I  
5 don't know why this is delayed but hopefully it will  
6 pop up. There we go.

7 THE DEPONENT: NextGear Capital, yes.  
8 These are related to all the same invoice or the Excel  
9 sheet that I said, yes. Yes. Because, as I said,  
10 it's not like we were ready for these items to be  
11 paid. That's why we were even arranging funds. We  
12 told them, guys, we are a capital company, you guys  
13 are sort of a lender. Let's be friends. We don't  
14 want a tab. We will pay you. That's why we even  
15 broke it down to three, four payments, because we  
16 weren't even ready for these payments. These guys,  
17 they would just show up.

18 ARDAVAN KHAVARI, Resumed,

19 CONTINUED EXAMINATION BY MR. MANCHANDA:

20 78. Q. Did you have any agreement or anything in  
21 writing with NextGear when you paid them, as to them  
22 assigning you the security or any other sort of  
23 agreement?

24 A. They transfer all the titles to Chartreuse  
25 Bancorp. We became the owner of the cars. We



1 register a lien against the cars. We register PPSA  
2 against the cars. We signed security agreements. We  
3 provide RBC with a copy of the security agreement of  
4 it. We ---

5 ARDAVAN KHAVARI, Resumed,

6 CONTINUED EXAMINATION BY MS. VINE:

7 79. Q. Where is that security agreement?

8 MR. POLYZOGOPOULOS: Okay, you're  
9 talking about the financing of other cars later,  
10 right?

11 THE DEPONENT: Anything that at that  
12 time we did with them, we register a lien against the  
13 vehicles, every vehicle that we put out. And we  
14 register a PPSA. Doesn't matter that it's NextGear,  
15 if it was any cars that we finance, this is what we  
16 did for it.

17 MR. POLYZOGOPOULOS: So, the -- I  
18 think the over all security agreement he's talking  
19 about between Luxury and Chartreuse is one of the  
20 documents. It wasn't in a folder, it was at the  
21 bottom of the second page.

22 So, there's a Notice together with an  
23 inventory and finance and security agreement, between  
24 223 and Chartreuse.

25 MS. VINE: Yeah, we'll get there.

1 MR. POLYZOGOPOULOS: Yeah, I think  
2 that's what he's referring to.

3 THE DEPONENT: Yeah, that's what I'm  
4 referring to.

5 MS. VINE: Okay. What's the date of  
6 that?

7 MR. POLYZOGOPOULOS: It says  
8 effective date as of the first page and then if we go  
9 back up to the top.

10 MS. VINE: Just give me one second.

11 BY MS. VINE:

12 80. Q. So, this inventory ---

13 MS. VINE: Oh, let's mark this first  
14 one as an exhibit first, please. I am going to mark  
15 the Memorandum of Understanding along with the cheques  
16 to NextGear as Exhibit 1, please.

17 (WHEREUPON EXHIBIT No. 1 : Memorandum of  
18 Understanding with attached cheques to NextGear.)

19 BY MS. VINE:

20 81. Q. So, I guess we might as well move to this  
21 inventory, the finance and security agreement. This  
22 was -- the effective date was November 10, 2017. And  
23 it says the dealer has requested that the lender  
24 establish a security inventory Line of Credit.

25 So, explain to me that? Was there -- they

1 had a revolving Line of Credit?

2 A. Every dealer, when you are lending and you  
3 do inventory lending, every dealer have a certain Line  
4 of Credit with that, basically, lending company. And  
5 this was what we signed with Luxury at that time for  
6 that.

7 The cars was sometimes getting purchased from, what do  
8 you call, from the auction, sometime it was, let's say  
9 NextGear, sometimes it was some client doing a trade  
10 in that was there. It's a line that they could have.  
11 It's sort of to just buy inventory with.

12 82. Q. So, you actually had ---

13 A. They had with NextGear.

14 83. Q. --- sort of two different relationships with  
15 Luxury then? You provided them a Line of Credit,  
16 where they could go and purchase their own inventory?

17 A. Yes.

18 84. Q. Right? And what security would you say you  
19 had with respect to that credit line?

20 MR. POLYZOGOPOULOS: That security  
21 agreement? I think there's a registration against  
22 Luxury, a PPSA. Is there a Notice?

23 MS. VINE: Okay.

24 MR. POLYZOGOPOULOS: Is there Notice  
25 given to anyone else about the security interest?

1 THE DEPONENT: Yes, there was.  
2 Anyone that was on the Notice such a RBC, the Notice  
3 was mailed to them and it was sent to them. On each  
4 vehicle, we register a PPSA. We register, I believe,  
5 we register against the numbered company which we  
6 refer to Luxury as it.

7 And there was a lien registered against  
8 each vehicle specifically as well that was sitting.  
9 So, I think all the measures of the security was  
10 taken, right?

11 BY MS. VINE:

12 85. Q. And who drafted this document, do you  
13 recall?

14 A. Blaney McMurty.

15 86. Q. So, what was the credit limit on this  
16 account?

17 A. I think it was a million dollars which we  
18 set up. Again, I see many documents per day, don't --  
19 let me read the documents. I think it should say in  
20 it. I don't remember what ---

21 MR. POLYZOGOPOULOS: Does it talk  
22 about a limit in here?

23 BY MS. VINE:

24 87. Q. So, other than what's in here, though, if  
25 it's in here?

1 MR. POLYZOGOPOULOS: There's a  
2 paragraph one, it doesn't refer to specific amounts  
3 per se.

4 MS. VINE: No, it doesn't. I didn't  
5 see a specific amount.

6 BY MS. VINE:

7 88. Q. Do you have an account statement for this  
8 credit line?

9 A. You have to confirm that with accountant.

10 89. Q. Okay, who is the accountant?

11 A. At the time, there is bookkeeper and then  
12 there is Yale and Partners that takes care of  
13 accounting of the company.

14 90. Q. Okay, can you repeat that?

15 A. Yale and Partners?

16 91. Q. Y-A-L-E?

17 A. Y-A-L-E and Partners, yes.

18 92. Q. Do you have a contact person there?

19 A. Yes. Earl. E-A ---

20 ARDAVAN KHAVARI, Resumed,

21 CONTINUED EXAMINATION BY MR. MANCHANDA:

22 93. Q. Earl Weiner?

23 A. Yes. Oh, how do you know? Yes.

24 MS. VINE: What's his last name?

25 MR. MANCHANDA: W-E-I-N-E-R.

1 ARDAVAN KHAVARI, Resumed,

2 CONTINUED EXAMINATION BY MS. VINE:

3 94. Q. Do you know how much is outstanding on this  
4 credit line?

5 A. I don't know exactly but I think it's close  
6 to \$400,000 to \$500,000.

7 95. Q. Now, I notice that this is not signed, or is  
8 that his signature? That's Hossein signature ---

9 A. That's Hossein's signature on the top.

10 96. Q. Okay, and that's the lender?

11 A. Yeah.

12 97. Q. Okay.

13 A. And there was another one exactly like this,  
14 just on top, this is to Hossein, the other one is to  
15 RBC Bank.

16 98. Q. Now, at this point, you knew that the  
17 company was 2236715 Ontario Limited?

18 A. Yes.

19 99. Q. But when was that memo dated?

20 MR. MANCHANDA: November 21.

21 BY MS. VINE:

22 100. Q. Yes. So, this all happened at the same  
23 time?

24 A. Yes. Because, as I said, that thing was  
25 drafted by me. This is drafted by lawyer. That's why

1 it looks much more ---

2 101. Q. Right. So, you just ---

3 A. Yeah, I didn't know it.

4 102. Q. You didn't know.

5 A. Yeah, like, it's -- but everyone's  
6 understanding was Luxury Auto is the same numbered  
7 company and Chartreuse Investment is Chartreuse  
8 Bancorp.

9 MS. VINE: Can I enter this purchase  
10 security, lending security interest as Exhibit 2?  
11 (WHEREUPON EXHIBIT No. 2 : Lending Security  
12 agreement between Chartreuse and Luxury.)

13 BY MS. VINE:

14 103. Q. Now, where's the evidence of advances on  
15 that credit line? Is it in these documents?

16 MR. POLYZOGOPOULOS: I think there's  
17 a folder called Loan Shark to Luxury.

18 THE DEPONENT: There you are.

19 MR. POLYZOGOPOULOS: So, the first  
20 document is a cheque stub for \$150,000 advance.

21 MS. VINE: Okay, go back? Actually,  
22 no, I'll just find it. I'm going to have to enter it  
23 as exhibits anyways.

24 MR. POLYZOGOPOULOS: There's a few of  
25 them; five in that folder.

1 BY MS. VINE:

2 104. Q. In the meantime, while I'm looking for this,  
3 I'm going to ask another question. I noticed on some  
4 of these files, you would have a deal specific file  
5 for each case, right, for each case, for each car,  
6 each transaction, right? Right, with the credit  
7 application and all that stuff?

8 A. For each car that we finance?

9 105. Q. Yeah.

10 A. Yes.

11 106. Q. So, I don't see that in here.

12 MR. POLYZOGOPOULOS: You're talking  
13 about every car that -- I don't think we produced  
14 every car that Chartreuse financed.

15 MS. VINE: Okay.

16 MR. POLYZOGOPOULOS: The ones I think  
17 that we produced are the seven cars that ---

18 MS. VINE: Just the seven, okay.

19 MR. POLYZOGOPOULOS: --- that have  
20 not yet been sold that ---

21 THE DEPONENT: That there's paper  
22 for.

23 MR. POLYZOGOPOULOS: --- I believe  
24 are in Chartreuse's possession.

25 BY MS. VINE:



1 107. Q. Okay. Oh, maybe I'm wrong. Okay, let's  
2 just look at the one up here and I can dig it out  
3 later.

4 MR. POLYZOGOPOULOS: Do you want me  
5 to pull the first one up then?

6 MS. VINE: Yeah, let's just pull the  
7 first one up.

8 BY MS. VINE:

9 108. Q. Okay, so what am I looking at here because  
10 this looks like a payment.

11 A. A hundred and fifty thousand dollars,  
12 exclude the spelling mistake, but I'm pointing out  
13 where it says that loan to Luxury. It's just one of  
14 the advances that was given to Luxury and copy of the  
15 draft, the name.

16 MS. VINE: Go ahead.

17 ARDAVAN KHAVARI, Resumed,

18 CONTINUED EXAMINATION BY MR. MANCHANDA:

19 109. Q. This looks like a global number, like  
20 150,000 even.

21 A. Yes.

22 110. Q. Was it car specific or was it part of the  
23 revolving credit line, bearer request 150,000?

24 A. They were supposed to use the Line of Credit  
25 and the money to buy inventory and use it for the

1 company's cash flow purpose that is coming in. This  
2 is the agreement that was done with them. This was  
3 \$150,000 request.

4 I'm sure if we look, there should be right  
5 after this advance, they're should be couple of cars  
6 that was purchased with this money. I'm sure the guys  
7 has checked that before giving them this money. But  
8 again, I'm -- don't run the every day of the business.

9 ARDAVAN KHAVARI, Resumed,

10 CONTINUED EXAMINATION BY MS. VINE:

11 111. Q. So, this cheque is dated January 15, 2018?

12 A. Yes.

13 112. Q. Was that the first advance on this revolving  
14 Line of Credit?

15 A. I don't know.

16 113. Q. So, there was no asset specific security  
17 taken in relation to this advance though?

18 A. Vehicles. We had any vehicles, any  
19 inventory that was getting purchased with this money  
20 with Hossein. I'm sure if you look right after this  
21 advance, you will have Luxury should have paid auction  
22 or somebody to buy those inventory.

23 When the inventory was bought, there was a  
24 PPSA register on each one of the thing. There was a  
25 lien registered by Chartreuse against each one of the

1 vehicles that was there. So, we had the vehicles as a  
2 security of the actual company.

3 114. Q. So, what you're telling me this that there  
4 would have -- this would have been specific to  
5 purchase one or two specific cars and Chartreuse would  
6 have made a VIN specific PPSA registration?

7 A. Yes.

8 115. Q. So, what is date on this one, the 16th? Is  
9 that?

10 A. It's the same cheque. It's just a draft.  
11 That's the stub.

12 116. Q. Okay, scroll down, sorry. I thought we were  
13 onto a new one.

14 A. Hundred thousand dollars.

15 117. Q. And that's on January 19th?

16 A. Yes.

17 118. Q. And so that would be the same, in relation  
18 to specific purchase of vehicles?

19 A. It was their request thing for advance to  
20 purchase vehicles.

21 ARDAVAN KHAVARI, Resumed,

22 CONTINUED EXAMINATION BY MR. MANCHANDA:

23 119. Q. You mentioned the revolving line could be  
24 used for either purchasing vehicles or cash flow needs  
25 of the company? Is this your understanding? They may

1 be able to use this cash for their day to day  
2 operations?

3 A. No, they have to buy inventory.

4 120. Q. So, it is inventory specific?

5 A. Yes, they had to buy it.

6 ARDAVAN KHAVARI, Resumed,

7 CONTINUED EXAMINATION BY MS. VINE:

8 121. Q. It seems like a very specific number though,  
9 right, it seems like a general number?

10 A. Yes, because when they came to us, they  
11 would ask you have -- then there is -- then there is  
12 auction fee, then there is registration fee, there is  
13 other fees to it involved.

14 So, they always added something to it so  
15 they don't have any reason saying oh, we are short,  
16 oh, we couldn't bring the car out, oh, I cannot sell  
17 the car because there is something on it.

18 No, you had some petty cash too, to get  
19 everything up and running. We wouldn't leave any  
20 excuses for them to say that there is -- that they  
21 can't.

22 122. Q. Okay. So, the next one, please, looks like  
23 it's 150,000, January 25th. This would be for the  
24 same thing? I'm sorry, I'm going to put these all in  
25 for the record, so if you don't want to put them up on

1 the screen, you don't have to.

2 MR. POLYZOGOPOULOS: That's fine,  
3 we'll pull them up. I wish it would faster.

4 BY MS. VINE:

5 123. Q. The next one is a cheque -- a bank draft,  
6 dated January 1, 25th -- sorry, January 25th, 2018 in  
7 the amount of 150,000.

8 MR. POLYZOGOPOULOS: Yeah.

9 BY MS. VINE:

10 124. Q. There is another one, this one is a cheque  
11 from Chartreuse to Luxury for 80,000 on March 7. And  
12 last one is cheque from Chartreuse to Luxury dated  
13 March 16 in the amount of 20,000. Would these be all  
14 the advances under that Line of Credit?

15 A. I'm not sure.

16 125. Q. So, who would know that?

17 A. Accountant.

18 MS. VINE: Can we get an undertaking  
19 to provide, because I don't think you're going to  
20 know, which vehicles those were to -- those monies  
21 were used to finance? Best efforts?

22 MR. POLYZOGOPOULOS: Is that  
23 something you're able to do?

24 THE DEPONENT: I don't know.

25 MS. VINE: Well, I'm assuming if you

1 were claiming a security interest in those vehicles  
2 that you were providing that much money for, you  
3 should be able to know which vehicles they were.

4 MR. POLYZOGOPOULOS: Well, they had  
5 the overarching security inventory financing and --  
6 so, I'm not exactly familiar with the mechanics of it,  
7 but yeah, I guess.

8 THE DEPONENT: We had ---

9 MR. POLYZOGOPOULOS: Sorry, go ahead.

10 THE DEPONENT: We had the security  
11 for any vehicle that was purchased with Luxury, right?  
12 So, to us, we had the full thing over their securities  
13 and we had the VINS and we had everything registered.

14 It was a full security over the thing.  
15 I'm not sure if there's a breakdown of whatever it is,  
16 but that's -- I believe that's irrelevant because  
17 that's security over everything, am I correct?

18 MR. POLYZOGOPOULOS: Well, those are  
19 legal questions.

20 THE DEPONENT: Okay.

21 MR. POLYZOGOPOULOS: That we're not  
22 going to get into right now.

23 MS. VINE: So, let's just do best  
24 efforts. I mean, at some point -- and maybe we can go  
25 off the record.

1 OFF THE RECORD  
2 (WHEREUPON, A BRIEF RECESS WAS TAKEN)  
3 ON THE RECORD

4 ARDAVAN KHAVARI, Resumed,

5 CONTINUED EXAMINATION BY MS. VINE:

6 126. Q. We've been trying to get to how the  
7 relationship change, so if you can continue on with  
8 how the relationship with Chartreuse and Luxury  
9 changed?

10 A. Luxury Sports Cars, as I said, they were the  
11 one that -- Hossein and Luxury, they would keep  
12 showing us this beautiful picture that we sell 30 cars  
13 here, we make this much money and we can pay you guys  
14 for every penny back.

15 And if we become stronger, now we have in  
16 house financing with the help of Chartreuse being --  
17 renting a place here and help us stand and we will be  
18 able to pay back everything and we going to come back.  
19 And they were saying that right now, we cannot sell  
20 because we don't have inventory.

21 That's why we cannot pay our rent, that's  
22 why we cannot do this. If we have inventory, we sell  
23 30 car a month. Every car, we make two to \$3,000,  
24 whatever their calculation was. And Hossein is a very  
25 great speaker, I have to say.

1 So, he literally painted that picture, that  
2 that picture existed, but at the same time, we took  
3 every measure possible to make sure that we had our  
4 securities correctly registered and all the parties  
5 are aware of our securities.

6 127. Q. Okay, but at some point, you went from -- at  
7 some point, the share purchase agreement came about.  
8 So what were the circumstances surrounding that?

9 A. Okay. The share purchase agreement came  
10 when I real -- when Hossein was coming and asking for  
11 some invoices to be paid that is for other trader, for  
12 taxes, for, like, many other vendors, like mechanic  
13 stops, XYZ that is owing the place.

14 So, he came to us and he asked us to save  
15 Luxury and again, we can sell 30 cars, you guys just  
16 brought in the cars. If you guys right now don't help  
17 me, you guys going to be left with these cars. Kind  
18 of cornering us to it. And we had -- we signed that  
19 purchase and sales agreement. We became a shareholder  
20 but since there was no clear picture at the time of  
21 what is Luxury actually owing and what the Luxury is,  
22 Hossein was officer/director/secretary of the company  
23 and Hossein is the officer/director of the company.  
24 And we only took the shares of it.

25 And on the same agreements, Chartreuse, for



1 the money that was advanced, I believe, registered a  
2 lien against Hossein's residential property.

3 128. Q. Okay. I'm going to get to that part. First  
4 off, how did you value the company at the time? What  
5 valuation was completed?

6 A. I don't know.

7 ARDAVAN KHAVARI, Resumed,

8 CONTINUED EXAMINATION BY MR. MANCHANDA:

9 129. Q. How did you come up with the \$100  
10 consideration for the shares?

11 A. You'll have to ask the accounting and the  
12 legal that one.

13 ARDAVAN KHAVARI, Resumed,

14 CONTINUED EXAMINATION BY MS. VINE:

15 130. Q. So, if you turn to page nine of the share  
16 purchase agreement. So, paragraph 2.3 says payment of  
17 RBC closing indebtedness, "...the RBC closing  
18 indebtedness is defined as all indebtedness as of the  
19 A/R commencement date, together with fees, premiums,  
20 et cetera, owed by a corporation to the Royal  
21 Bank...".

22 A. Yes.

23 131. Q. And paragraph 2.3 states, "...the vendor and  
24 principle agree that they are jointly and severely  
25 liable and responsible for payment of the RBC closing

1 indebtedness, and the parties agree to the following  
2 arrangements in relation to the payment thereof,  
3 Subsection A, purchasers shall cause the corporation  
4 to use commercially, reasonable efforts with the  
5 assistance of the vendor to collect any accounts  
6 receivable due or occurring due to the corporation as  
7 at November 30, 2017 during the six moth period  
8 following the commencement date..."

9 Can you explain to me what your  
10 understanding of this section was?

11 A. So, basically, it's saying that anything, if  
12 I understand correctly, it's saying that anything  
13 prior to November 30 is Hossein's responsibility that  
14 is coming out. And I'm not sure exactly what it  
15 means.

16 132. Q. So, it refers to specifically some accounts  
17 receivable.

18 A. Yes.

19 133. Q. What accounts receivable would be owing to  
20 the corporation?

21 A. To the best of my knowledge, none but again,  
22 you have to speak to accounting.

23 MS. VINE: John, do you know what  
24 accounts receivable they were talking -- I mean, it  
25 seems like it's specifically referred to in this

1 agreement. You know, it'd be different if you saw it  
2 in a bundle of standard language.

3 MR. POLYZOGOPOULOS: I don't know  
4 that we've seen an A/R listing.

5 MS. VINE: That was going to be my  
6 next question.

7 MR. POLYZOGOPOULOS: Because if we  
8 had one, I would assume it would be produced. I did,  
9 just so that you know, also ask the lawyers who  
10 handled this transaction to give me their files. So,  
11 what we've produced is following me consulting with  
12 them. We don't have an A/R listing.

13 BY MS. VINE:

14 134. Q. But it would be your position that in this  
15 type of business, here typically wouldn't be  
16 significant A/Rs outstanding?

17 A. She had so many unpaid bills that I don't  
18 think he had any receivables. Again, I'm sure the  
19 accounting department can confirm that.

20 MS. VINE: Can we get an undertaking  
21 to provide the accounting file during this period?

22 MR. POLYZOGOPOULOS: Whose accounting  
23 file?

24 MS. VINE: Glen? Was it Glen?

25 MR. MANCHANDA: The accountant? Oh,

1 Earl?

2 MS. VINE: Earl.

3 MR. MANCHANDA: As it relates to  
4 transactions between 223 and Chartreuse.

5 MR. POLYZOGOPOULOS: Because I would  
6 think that most of the documents would have come from  
7 Luxury, right, it's financial position and it's  
8 financial situation. And it's Luxury documents that  
9 would be the ones that would tell the story as to what  
10 A/R there is, what it owed, what it was owed.

11 MS. VINE: Well, we're going to need  
12 it with respect to proving ---

13 MR. POLYZOGOPOULOS: So, I know  
14 you've examined Hossein. I don't know what documents  
15 he's given you and what is in those. I think -- Ardy,  
16 you can correct me if I'm wrong, have we looked for  
17 and tried to produce Luxury financial records in your  
18 possession as Chartreuse? Is that yes?

19 THE DEPONENT: Yes. Yes, we did and  
20 I think the only thing we had was the year end of it,  
21 which we did produce.

22 ARDAVAN KHAVARI, Resumed,

23 CONTINUED EXAMINATION BY MR. MANCHANDA:

24 135. Q. So, as part of your due diligence when you  
25 were buying the shares, did you not ask Luxury to

1 produce the documents that are referred here?

2 A. For account receivables and everything?

3 136. Q. Yeah.

4 A. The transaction was happening so quickly  
5 that they looked at it and Luxury, they didn't have  
6 much of a proper paperwork and accounting, that was up  
7 there to begin when Hossein started it. It was just -  
8 - he was just all over the place.

9 137. Q. So, did you get anything or you didn't get  
10 anything?

11 A. I don't believe so, I don't recall. The  
12 best of my knowledge, no.

13 MS. VINE: So, I think it's ---

14 MR. POLYZOGOPOULOS: We've produced  
15 some -- sorry. We've produced some financial  
16 statements, I think, some bank statements showing  
17 amounts owing, roughly around November 30. When  
18 exactly Chartreuse got those, I'm not sure, but they  
19 may have been received around the time of the due  
20 diligence to do this deal. It might have been after.  
21 I don't know for sure.

22 BY MR. MANCHANDA:

23 138. Q. But nothing specific to Section 2.3 A?

24 MR. POLYZOGOPOULOS: In terms of A/R,  
25 right?

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1 THE DEPONENT: No. Not to the best  
2 of my knowledge, no.

3 MS. VINE: So, I think we need,  
4 though, the accountant information with respect to any  
5 transactions or relationships between Chartreuse and  
6 223, Luxury.

7 MR. POLYZOGOPOULOS: Accounting  
8 information?

9 MS. VINE: Like, I mean there's a  
10 loan, they kept track of the loan transactions. Like,  
11 how much is outstanding.

12 MR. MANCHANDA: So, I guess we are  
13 asking for the files in the possession of the  
14 accountant that relates to any dealings between 223  
15 and Chartreuse, which is, correct me if I'm wrong,  
16 probably defined as books and records.

17 MS. VINE: That's right.

18 MR. POLYZOGOPOULOS: But those are  
19 Chartreuse documents, so the receivership relates to  
20 Luxury assets and Luxury documents, not Chartreuse  
21 documents, who's a competing secured creditor to the  
22 Royal Bank, right?

23 MS. VINE: You're right, but I think  
24 that in order to prove your claim as a secured  
25 creditor, you're going to have to provide, anyways,

1 evidence of indebtedness and advances, right? And  
2 you're going to have to show to whomever -- like all  
3 we know is they're owed somewhere between 400 and  
4 500,000, right? And the answer was the accountant  
5 would know.

6 MR. POLYZOGOPOULOS: Right.

7 MS. VINE: So, I think we are going  
8 to need whatever the accountant knows with respect  
9 to ---

10 MR. POLYZOGOPOULOS: So, let me say  
11 I'll take it under advisement.

12 MS. VINE: That's fine.

13 MR. POLYZOGOPOULOS: It's one thing  
14 for Chartreuse to have to prove its advances and its  
15 security. It's another thing to open up every book  
16 and record of the accounting firm. So ---

17 MS. VINE: Oh, that's why we would  
18 limit to any transactions with Luxury.

19 MR. POLYZOGOPOULOS: Yeah, okay.

20 So ---

21 MS. VINE: But as you said, you don't  
22 have to give us carte blanche right now, you can take  
23 it under advisement.

24 MR. POLYZOGOPOULOS: Yeah, we'll  
25 take it under advisement.

1 (WHEREUPON UNDER ADVISEMENT No. 1: To produce  
2 accounting records related to any transactions between  
3 Chartreuse and Luxury.)

4 ARDAVAN KHAVARI, Resumed,

5 CONTINUED EXAMINATION BY MS. VINE:

6 139. Q. Jumping to Section 2.5.

7 A. Okay, security.

8 140. Q. Okay. So, this section reads, "...As  
9 continuing collateral security for payment by the  
10 vendor and the principle of the RBC closing  
11 indebtedness, the principle indebtedness and any loss  
12 identified under Section 5.1 on the date hereof  
13 subsequent to closing, the principle shall cause the  
14 corporation to grant a third mortgage in favour of the  
15 purchaser, incorporating standard term shares on  
16 property municipally known as 63 Norbury Drive...".

17 MR. POLYZOGOPOULOS: I think that  
18 should read should cause the or ---

19 MS. VINE: Cause the principle to  
20 pay.

21 MR. POLYZOGOPOULOS: It's the  
22 principle himself, it doesn't need to cause the  
23 corporation to give the mortgage, because I  
24 believe ---

25 MS. VINE: So, that was going to be



1 my question. That's owned ---

2 MR. POLYZOGOPOULOS: I believe

3 Hossein is the owner of that property.

4 MS. VINE: I think that's his

5 principle residence. So, this didn't make a whole lot  
6 of sense to me. So, the principle for the payment by  
7 the vendor who is the family trust and the principle,  
8 who is Hossein, of the RBC indebtedness, the principle  
9 indebtedness, which means the loan owed by the  
10 principle, who is Hossein, to the corporation, which  
11 is 223.

12 MR. POLYZOGOPOULOS: Right. So, my  
13 understanding of this, if you want Chartreuse's legal  
14 position on what this is, is so, they're taking the  
15 shares and the agreement is basically that Hossein is  
16 going to be responsible, ultimately, for the amount  
17 owing by the company to the bank.

18 He's going to be responsible for any  
19 shareholder loans that he had taken from Luxury,  
20 that's with the principle indebtedness, and he's going  
21 to be responsible for any losses under 5.1. And those  
22 -- that responsibility is secured by a collateral  
23 mortgage registered against title to his home.

24 MS. VINE: In favour of Chartreuse?

25 MR. POLYZOGOPOULOS: Right, the

1 purchase of the company that has all these debts.

2 MR. MANCHANDA: So, is this security  
3 specific to the RBC indebtedness?

4 MS. VINE: Like, really, it's for the  
5 benefit -- who's it for the benefit for?

6 MR. POLYZOGOPOULOS: For the benefit  
7 of the purchaser of the shares which is buying a  
8 company that's heavily indebted to the bank. So, if  
9 the company has to pay the back, Hossein is agreeing  
10 to cover that, ultimately.

11 MR. MANCHANDA: I don't know  
12 legally, but indirectly, it seems like you're covering  
13 the RBC's indebtedness by this clause.

14 MS. VINE: Yeah, that doesn't ---

15 MR. POLYZOGOPOULOS: Right. So, if  
16 you want to go off the record for a second.

17 MR. MANCHANDA: Yeah.

18 MS. VINE: Yeah.

19 MR. MANCHANDA: Yeah, let's go off  
20 the record.

21 OFF THE RECORD

22 (WHEREUPON, A BRIEF RECESS WAS TAKEN)

23 ON THE RECORD

24 ARDAVAN KHAVARI, Resumed,

25 CONTINUED EXAMINATION BY MS. VINE:

1 141. Q. Pidor Avanes?

2 A. Oh, Peter, sorry.

3 MR. POLYZOGOPOULOS: Pidor Avanes?

4 THE DEPONENT: They call -- he goes  
5 by the name of Peter.

6 MS. VINE: Okay.

7 THE DEPONENT: Yes, he is a mechanic,  
8 a poor gentleman, that does a lot of the mechanic  
9 work. Again, Hossein sat with him and told him that  
10 for him to invest \$100,000 with Luxury Auto Sports  
11 Cars or the numbered company and he will -- they can  
12 buy inventory with it and they're going to give him a  
13 profit, like, issuing some sort of promissory note to  
14 this guy, that I haven't seen.

15 So, make a story short, this gentleman  
16 was paid \$100,000 to Luxury Auto and Luxury Auto kind  
17 of spent it on whatever they spent it on. So, this  
18 poor mechanic, very, very honest citizen was out of  
19 pocket money.

20 So, I really like, think nice. I  
21 helped him to recover most of his money by paying him  
22 some of it. And at the end, he took one car from  
23 Luxury Auto Sports Cars, which was bought with the  
24 money of Chartreuse and Chartreuse had the lien  
25 against it, and the same story that we explained

1 earlier, had against it, without Peter actually  
2 paying, because the dealership owed him that money of  
3 it.

4 So, I think we paid Peter, if I'm not  
5 mistaken -- and when I say we, I mean Chartreuse  
6 Bancorp, the accounting department of Chartreuse has  
7 paid Peter in three cheques, two or three cheques, and  
8 I know he took a car too.

9 MR. POLYZOGOPOULOS: It was like  
10 60,000 or something in cheques plus a car. Anyways,  
11 my understanding is it's part of the claim that  
12 Chartreuse makes against Luxury and Hossein for  
13 amounts owing for advances made.

14 THE DEPONENT: Right.

15 BY MS. VINE:

16 142. Q. And that probably will come out of the  
17 accounting that you will provide us, right?

18 A. Yes. Yes, the same way that I tried to  
19 protect RBC, I tried to protect this poor citizen as  
20 well. He just owns a small mechanic shop, like.

21 ARDAVAN KHAVARI, Resumed,

22 CONTINUED EXAMINATION BY MR. MANCHANDA:

23 143. Q. So, after the share purchase agreement, who  
24 maintained control of Luxury? So, post March 2, 2018?

25 A. There was -- March. And I'm not sure exact

1 timing. Sometime there was Alex and Beatrice that  
2 they were running the show at Luxury Auto Sports Cars  
3 with a gentleman named Habib that they were running  
4 it.

5 Alex and Beatrice, they left due to the  
6 problems that they had with Hossein. We never  
7 understood the clear picture why they left.

8 ARDAVAN KHAVARI, Resumed,

9 CONTINUED EXAMINATION BY MS. VINE:

10 144. Q. Well, who did Alex and Beatrice and Habib  
11 report to after the share purchase agreement?

12 A. Hossein still. Hossein was the officer,  
13 director still.

14 145. Q. So, after this, Hossein continued to run the  
15 business?

16 A. Yes, because I told Hossein until I cannot  
17 understand what is happening -- today NextGear,  
18 tomorrow Peter is showing up, next day someone else is  
19 showing up -- until I don't get the full picture,  
20 you're going to stay where you are, that is our  
21 understanding on it.

22 So, the most of the business was running  
23 through Hossein and they would report to Hossein, but  
24 Mo was present as well. But the show was Hossein his  
25 OMVIC license. He's suppose -- he entered the OMVIC

1 license, he always used to tell us, because whenever  
2 he felt that it's kind of like, to tell us how much we  
3 need him, he always said it's my OMVIC license, I'm  
4 the manager of here, I'm the owner of here.

5 And it's his OMVIC, he's the officer, he's  
6 the director and in reality, it was the same.

7 146. Q. And Hossein has told us that following March  
8 2, that Chartreuse was, and specifically yourself,  
9 have all the books and records. Are those all the  
10 books and records of 223 produced to date?

11 A. That we had, yes, because I had, I remember,  
12 to the best of my knowledge, we had all the TD Bank  
13 statements, which we provided to you guys. That was  
14 there. Whatever invoice that we paid, we provided to  
15 you that we paid to Hossein.

16 So, again, I was not running day to day  
17 business of it.

18 147. Q. What was the reason for opening the second  
19 TD account -- the TD accident?

20 A. RBC -- Hossein used to tell me RBC is a  
21 mess, so I was trying to get a clear picture, kind of,  
22 what's happening, because I would wake up in the  
23 morning, all of a sudden RBC take \$10,000.

24 Hossein what is this? It's for the Line of  
25 Credit that I have. Where is the money from the Line

1 of Credit? I don't know, since 2016 it says advance  
2 shareholder, something like that on the thing, on the  
3 balance sheet, that he took out advance shareholder  
4 from the company in this thing.

5 So, I never understood a whole picture of  
6 it. And I'm sure you will appreciate, for me to  
7 understand what is this, I told him -- he came back.  
8 He said let's open a new bank account, which he is the  
9 signing officer of the account, which he was present  
10 to open up the accounts for the company.

11 ARDAVAN KHAVARI, Resumed,

12 CONTINUED EXAMINATION BY MR. MANCHANDA:

13 148. Q. Is there anybody else who's the signing  
14 officer of the TD account?

15 A. I think Mo.

16 ARDAVAN KHAVARI, Resumed,

17 CONTINUED EXAMINATION BY MS. VINE:

18 149. Q. So, in and around June 2018, all of the  
19 money was taken out of the TD account. Do you know  
20 where that went?

21 A. June 2000?

22 150. Q. Eighteen. No?

23 A. No. Was there cheque copies because ---

24 151. Q. I don't have copies of the cheques yet.

25 MR. MANCHANDA: They've provided us

1 some statements.

2 MS. VINE: Did they?

3 MR. MANCHANDA: We haven't gone  
4 through.

5 THE DEPONENT: We did provide it,  
6 yeah, with the cheque. If we had it, we provide it.

7 MS. VINE: Okay. Anything else?

8 MR. MANCHANDA: Yes.

9 ARDAVAN KHAVARI, Resumed,

10 CONTINUED EXAMINATION BY MR. MANCHANDA:

11 152. Q. So, in around June 15, 2018, RBC engaged  
12 Spergel as a consulted and myself, I attended at the  
13 premises and the premises was vacated and emptied out.  
14 Can you tell us the circumstances around that? Why  
15 was the premises vacated? Why was the cars moved out?

16 A. Hossein came to us at the Starbucks,  
17 somewhere close to the area -- I don't know the area  
18 exactly -- sat with us and he kind of said this is not  
19 going anywhere and you guys helped me, thank you so  
20 much, I appreciate it but this is to going anywhere.

21 RBC is on me. I need to get a document. I  
22 cannot get the documents for them that I needed it.  
23 And he literally told us that RBC is about to show up  
24 here. And he told us that call the people that won  
25 the thing so it's less of an embarrassment, tell them



1 to come and get their cars out of here that is coming  
2 back. And we look at it, we took out the vehicles that  
3 belong to us, I mean, Chartreuse. We took out the  
4 vehicles over there. Anything else that was there, to  
5 the best of my knowledge, we grabbed our own laptops  
6 and the documents that was related somehow to us that  
7 -- which we provided from the time we became short of  
8 a shareholder.

9 I have all the TD accounts, you can see it  
10 clearly, that we kept. So, whatever was there and he  
11 told us to leave. That was it. we tried to once --  
12 because we left, I believe, the cell phone charged and  
13 couple of things, we tried once to get those things  
14 back from the thing and one, Shima, she had something,  
15 gift from her husband that was left in there, that  
16 meant a lot to her and she wanted it.

17 And landlord is not cooperating at all to  
18 get any of the stuff back, because apparently, there's  
19 rent owing over there that is coming in. So, they are  
20 not cooperating with us. So, that's how the whole  
21 entire thing started with Hossein. He told us to pull  
22 the plug get your stuff, pack up and leave, basically.  
23 And that's what we did.

24 ARDAVAN KHAVARI, Resumed,

25 CONTINUED EXAMINATION BY MS. VINE:

1 153. Q. So, speaking of the lease, there was that  
2 assumption agreement? Do you know the lease  
3 assumption agreement?

4 A. Yes. Yes.

5 154. Q. And I don't know if I have it with me. Who  
6 was that between though?

7 A. It was between the landlord -- earlier  
8 through this cross-examination, I believe it was  
9 mentioned that at point that the landlord came to shut  
10 down the place and Chartreuse, to save embarrassment,  
11 they open up the chequebook and they paid the rent.

12 At that time, landlord was fed up with  
13 Luxury Auto Sports Cars or the numbered company and  
14 they didn't want to have them as the only guarantor  
15 that was standing there.

16 So, came to us, they said you are in  
17 default. Even if you pay right now, you are still in  
18 default and you have to leave. I understood the  
19 problem is not only the payments. There is a bigger  
20 problem.

21 So, I tried to resolve it with them, and I  
22 said that there is -- let's do this amendment, guys.  
23 I'm here, it's not Hossein and I will help you guys to  
24 recover. And I did my best to recover and I did my  
25 personally duty because Hossein said to us that is

1 happening. And I personally told landlord that this  
2 is happening and I told him that I tried, but this  
3 gentleman is one of a kind.

4 MR. MANCHANDA: But the assignment  
5 was, I think the lease was assigned to a numbered  
6 company.

7 MS. VINE: 2593619 Ontario Inc.  
8 operating as Exelande Financial.

9 ARDAVAN KHAVARI, Resumed,

10 CONTINUED EXAMINATION BY MS. VINE:

11 155. Q. What's that company?

12 A. That is a man -- that is a company that we  
13 had that would act as the management company that was  
14 do the underwriting of the loans to take care of the,  
15 basically managing the whole loans and making sure  
16 everything was in place. That was there. So, is a  
17 management company.

18 ARDAVAN KHAVARI, Resumed,

19 CONTINUED EXAMINATION BY MR. MANCHANDA:

20 156. Q. So, what's the relationship with Exelande  
21 with 223? Is there any relationship?

22 A. Exelande ---

23 157. Q. With Luxury Cars.

24 A. With Luxury Sports Cars, that thing?

25 Between the companies, nothing. If it was a deal

1 coming through Luxury, they would have underwrite it  
2 and they would send it to us. That was there.

3 And ---

4 ARDAVAN KHAVARI, Resumed,

5 CONTINUED EXAMINATION BY MS. VINE:

6 158. Q. But this was all they same people, right?

7 A. Yes.

8 159. Q. So, Exelande would just take a fee, is that  
9 right?

10 A. Yes.

11 160. Q. Because from what I understand from  
12 Hossein's interview, or sorry, examination, is that he  
13 was a part of Exelande Financial too, right?

14 A. Yes.

15 161. Q. So, what was the whole purpose of this  
16 though?

17 A. Okay. The purpose was this, but it never  
18 got really executed because the whole thing fell apart  
19 before really starting happening. The idea was that  
20 Chartreuse is a SPV, okay?

21 MR. POLYZOGOPOULOS: Special purpose  
22 vehicle.

23 THE DEPONENT: Purpose vehicle.  
24 There is a management co that manage on underwrite all  
25 of these deals. The money that comes from the

1 borrower, the management gives its portion, the rest  
2 of it just flows through to investors that is coming  
3 in. So, it could go through. So, I didn't what any  
4 other expenses except a lease or whatever happens in  
5 the SPV, that is the special vehicle, and everything  
6 else should have happened in Exelande.

7 This was the mentality and the  
8 structure that was supposed to do. And Hossein sold  
9 us a picture of this smart guy in the car industry  
10 that he could help us with the reselling the vehicles  
11 and everything that was happening.

12 So, that was the whole entire case, but  
13 again, before really any of this thing start making,  
14 sort of really starting up, it fell apart, most of it,  
15 that it comes with. As you can see, it was five  
16 months, four months, the whole entire period, so you  
17 could imagine, for a start up business, for four  
18 months, how hard it get.

19 But, yes, he is part of this.

20 ARDAVAN KHAVARI, Resumed,

21 CONTINUED EXAMINATION BY MR. MANCHANDA:

22 162. Q. So, there were about 14 cars, I believe,  
23 that were sold in the month of June 2018. Who --  
24 would you have the paperwork, bills of sales of those  
25 cars? We can give you the VIN numbers.

1 A. If -- I think accounting and the guys that  
2 they do the every day business, they can check. And I  
3 think if you ask Mo, he can help you guys much better  
4 than me too.

5 MS. VINE: So, let's just get that  
6 undertaking on the record, John. From the period of,  
7 I would say November 2017 to?

8 MR. MANCHANDA: June 30.

9 MS. VINE: June 30, 2018, we won't  
10 have you produce all of them, but on request, any sale  
11 files with respect to any vehicles sold by 223,  
12 including credit applications, bill of sales.

13 MR. POLYZOGOPOULOS: That's Luxury,  
14 right?

15 MS. VINE: That's Luxury.

16 MR. MANCHANDA: Yeah.

17 MR. POLYZOGOPOULOS: I don't even  
18 know if the Chartreuse people have that documentation  
19 in their possession. Does it?

20 THE DEPONENT: I don't know.

21 MS. VINE: Well, just best efforts.  
22 If you don't have it, you don't have it.

23 MR. POLYZOGOPOULOS: Was Hossein not  
24 able to produce that?

25 MR. MANCHANDA: What he told us is

1 he has records up until March 2, 2018. Post March 2,  
2 he told us that all of the records were specifically  
3 in your possession, so that's in Chartreuse's  
4 possession.

5 THE DEPONENT: I don't know, we can  
6 check.

7 MR. POLYZOGOPOULOS: We can check.

8 THE DEPONENT: So, we will ---

9 MR. POLYZOGOPOULOS: We can give a  
10 best efforts undertaking.

11 THE DEPONENT: Yeah, we will do our  
12 best. I don't know.

13 MR. POLYZOGOPOULOS: And that's only  
14 -- that's all cars that were sold by Luxury or ---

15 MS. VINE: No, we're going to ask ---

16 MR. POLYZOGOPOULOS: --- or were  
17 financed by Chartreuse or as inventory or ones that  
18 were financed by Chartreuse to a customer?

19 MS. VINE: Let's put it this way.  
20 Let's get the undertaking for all, but I don't need  
21 you to produce them right away, just on request if we  
22 require a specific one that becomes an issue, well ask  
23 if for you. I don't want you to dig for all of them.

24 MR. POLYZOGOPOULOS: Right.

25 MS. VINE: I just want it on the

1 record in case we ask for a specific one.

2 MR. POLYZOGOPOULOS: That's fine.

3 MS. VINE: So, I don't need you to  
4 actively produce anything under that undertaking, at  
5 this time.

6 MR. POLYZOGOPOULOS: At the moment,  
7 yeah.

8 MS. VINE: Yeah.

9 (WHEREUPON UNDERTAKING No. 1: To produce, upon  
10 request, any sale files with respect to any vehicles  
11 sold by 223, including credit applications, bill of  
12 sales from November 2017 to June 30, 2018.)

13 ARDAVAN KHAVARI, Resumed,

14 CONTINUED EXAMINATION BY MR. MANCHANDA:

15 163. Q. Are you aware of any other cars that are  
16 owned by Luxury as of right now?

17 A. No, not that I know of.

18 164. Q. There are no other assets of Luxury?

19 A. No, not that I know.

20 165. Q. What about government remittances, HST,  
21 source deductions, are they up to date?

22 A. They -- I know this much, that when -- prior  
23 to November, there was \$40,000 owed on HST and another  
24 800 something, which when we took as a shareholder,  
25 first thing first, made sure CRA is served best way it



1 was possible.

2 So, I made sure about one thing, that the  
3 taxes do get paid on it.

4 MS. VINE: And I think that's  
5 actually in there.

6 THE DEPONENT: Yes, that HST getting  
7 paid. That is -- so, to best of my knowledge, there  
8 isn't, except some payroll taxes that belongs to 2017  
9 or 2016.

10 ARDAVAN KHAVARI, Resumed,

11 CONTINUED EXAMINATION BY MS. VINE:

12 166. Q. Do you know how much?

13 A. I have no idea. He wouldn't tell me. He  
14 would just tell me that -- like, sometime, I would see  
15 phone call comes through CRA and I'm Hossein, what is  
16 that. It's HST dispute between employees and thing.

17 I don't know the pictures on what it is, but  
18 I know there were some payroll issues that he was  
19 never up front about it to tell us, so I don't know.

20 MS. VINE: Okay, I think that  
21 completes our examination. Subject to any questions  
22 we have, we'll now adjourn your examination. We can  
23 go off the record.

24

25

1 I hereby certify the foregoing to be the Examination  
2 for Discovery of ARDAVAN KHAVARI, taken before me on  
3 the 25th day of July, 2018.

4 **CERTIFIED CORRECT:** PROFESSIONAL COURT REPORTERS INC.  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14

15 Beverly Kowbel

16

17 Court Reporter  
18  
19  
20  
21  
22  
23  
24  
25

## APPENDIX 6

**VEHICLE SALE AGREEMENT**

**THIS AGREEMENT** is made as of this day of August, 2018

**B E T W E E N :**

**msi Spergel inc.**

solely in its capacity as court appointed receiver of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars and not in its personal or corporate capacity

("Spergel")

- and -

**Chartreuse Bancorp Inc.**

a company incorporated pursuant to the laws of Ontario

(the "Seller")

**RECITALS:**

**WHEREAS**

- A.** Pursuant to an Order of the Ontario Superior Court of Justice – Commercial List (the "Court") dated July 4, 2018 (the "Interim Receivership Order"), Spergel was appointed as interim receiver, without security, of all of the assets, undertakings and properties of the 2236715 Ontario Limited o/a Luxury and Sports Cars;
- B.** On motion of the Royal Bank of Canada (the "Bank"), the senior secured creditor of the Debtor, Spergel was discharged as interim receiver and appointed as receiver, without security, of all of the assets, undertakings and properties of the Debtor (in such capacity, the "Receiver") by Order of the Ontario Superior Court of Justice – Commercial List dated August 3, 2014 ("Receivership Order");
- C.** The Seller is in possession of seven vehicles listed at Schedule "A" attached hereto (the "Vehicles"), which Vehicles were previously in the possession of the Debtor and which the Receiver claims form part of the Debtor's Property (as such term is defined in the Receivership Order);
- D.** Each of the Bank and the Seller asserts a security interest in the Vehicles, and claims priority to the proceeds of any sale of the Vehicles; and

- E. The Seller and Spergel have agreed to enter into this Agreement respecting the sale of the Vehicles, upon the terms and conditions hereinafter set forth.

**NOW THEREFORE IN CONSIDERATION** of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the terms and conditions set forth below.

1. The Seller agrees to:

- a) implement an advertising and marketing plan as deemed necessary or appropriate by the Seller to maximize the net recovery on the Vehicles;
- b) prepare for the sale of the Vehicles, including gathering specifications and photographs for pictorial brochures and arranging the Vehicles in a manner, which in the Seller's judgment would be designed to enhance the net recovery on the Vehicles;
- c) carry out, with the Receiver's consent, a refurbishing program of the Vehicles as may be required to enhance potential recoveries at the discretion of the Seller;
- d) provide to Spergel, on execution of this Agreement, evidence that the Vehicles are sufficiently insured to the satisfaction of Spergel;
- e) locate purchasers for the Vehicles using third party dealerships or contacts;
- f) accept responsibility for any damage to the Vehicles while in possession or during the period of this Agreement;
- g) not charge a fee or obtain any type of commission on the sale of the Vehicles. However, third party dealers with whom the Vehicles will be left on consignment for the purpose of being sold shall be entitled to receive a reasonable fee and/or commission from the sale of the Vehicles and reimbursement of any reasonable expenses incurred to prepare the Vehicles for sale in amounts to be approved by the Receiver, acting reasonably ;
- h) sell or cause to be sold the Vehicles or any one of the Vehicles for cash or other immediately available funds for the highest obtainable price, less reasonable expenses, including storage and repair fees approved by the Receiver, in accordance with the terms of this Agreement;
- i) provide to Spergel all necessary information with respect to a sale of any one or more of the Vehicles including, details of purchaser, mileage of the Vehicle, original purchase price, proposed sale price, proposed refurbishing program and related costs, proposed sale expenses and fees and commissions payable to third party dealers, net sale price, vehicle history, after market upgrades and fees and commissions, and draft sale documentation;

- j) obtain the consent of Spergel prior to entering into any refurbishing program or sale transaction or incurring any other expense with respect to the Vehicles ("Approved Sale"), which consent shall not be unreasonably withheld;
- k) in the event that the Seller, after making all reasonable efforts, or at the expiry of sixty (60) days following the execution of this Agreement, is not able to sell all of the Vehicles, the Vehicles will be sold through the Toronto Automotive Vehicle Auction at a net sale price, after all reasonable expenses, approved by both the Seller and the Receiver. The net proceeds of sale will be paid directly from the Toronto Automotive Vehicle Auction to the Receiver to be held in trust, and not released without the consent of the Bank, the Seller and Spergel or by Order of the Court, on a without prejudice basis to the Seller's or any other party's claim of priority to any sale proceeds from the sale of the Vehicles;
- l) use best efforts to negotiate the reduction of the storage costs in the event that a Vehicle is placed with dealer who is currently charging or has charged storage for that Vehicle;
- m) charge all applicable federal and provincial taxes in connection with the sale of the Vehicles;
- n) ensure that any net sale proceeds from the sale of the Vehicles, after reasonable expenses and storage fees approved by the Receiver, are paid directly by the purchaser or dealer to Spergel, to be held in trust. For clarity, any sale agreement entered into by the Seller with respect to any of the Vehicles shall specifically provide that the purchase price is to be paid directly to Spergel to be held in trust; and,
- o) ensure that all applicable federal and provincial taxes in connection with the sale of the Vehicles are charged and collected by the dealer selling the Vehicle on behalf of the Seller, and remitted by the dealer to the proper governmental authority immediately upon completion of a sale. Proof of such remittances must be provided to Spergel.

**2. Spergel agrees to:**

- a) hold all proceeds from the sale of the Vehicles in trust and not release same without the written consent of each of the Seller, Spergel and the Bank, or further Order of the Court;
- b) respond to requests for approvals of any refurbishment program or expenses, sales or other expenses, fees or commissions payable, sale prices and agreements to sell any of the Vehicles within 24 hours of receiving such requests; and
- c) obtain an undertaking from the Bank that the Bank will discharge its registration made against the Vehicles on a timely basis upon an Approved Sale and receipt of the proceeds of such Approved Sale.

**3. Spergel and the Seller agree:**

- a) in the event that the Spergel and Seller cannot agree on the quantum of the expenses, including storage and repair fees, all proceeds of the sale of the Vehicle, less approved

dealer commission, will be paid directly by the purchaser or dealer to Spergel to be held in trust, and not released without the consent of the Bank, the Seller and Spergel or by Order of the Court, on a without prejudice basis to the Seller's right to claim properly incurred expenses or storage from the sale proceeds of the Vehicles; and,

- b) in the event that a party holds a valid claim under the *Repair and Storage Lien Act* R.S.O. 1990, Chapter R.25 as against a Vehicle, as determined by Spergel, the amount of such claim will be paid from the proceeds of the sale of the specific Vehicle but without prejudice to any party claiming priority to the proceeds of the sale to dispute the expenses and to seek to allocate them to one party or another.

#### **4. Conditions Precedent**

This Agreement shall not be effective unless and until:

- a) the Seller has granted Spergel access to inspect the Vehicles, and Spergel has advised the Seller that it is satisfied as to the existence and condition of the Vehicles.

#### **5. Termination**

- a) If either of the Seller or Spergel fails to comply with any of the provisions of this Agreement, the other party shall be entitled at its option to terminate this Agreement, but only if the breaching party provides the other party with seven (7) business days to remedy such failure and the breaching party has not done so. In the event that the Agreement is terminated, possession of any of the Vehicles not sold will be provided to Spergel on a without prejudice basis to any party making a claim to the proceeds of the sale of Vehicles, and be sold by Spergel in such manner and on such terms and conditions as Spergel in its sole discretion determines.
- b) In the event of the termination of this Agreement, Spergel will continue to hold all proceeds of sale of the Vehicles and will only release the proceeds with the consent of the Bank, the Seller and Spergel or Order of the Court. For clarity, the Receiver's obligation to hold the sale proceeds in trust and to not release them without the consent of the Bank, the Seller and Spergel or pursuant to Order of the Court shall survive the termination of this Agreement.

#### **6. Representations and Indemnities**

- a) The Seller hereby agrees to indemnify and hold Spergel harmless from any and all claims, causes of action, damages, losses, judgments or liabilities (including, without limitation, reasonable legal fees) by any buyer or prospective buyer of the Vehicles based on the Seller's breach of any of its obligations, representations or warranties hereunder or its performance or failure to perform hereunder.

- b) The Seller hereby agrees to indemnify Spergel for the proceeds of any sale of the Vehicles which are not provided to Spergel pursuant to the terms of this Agreement, regardless of the reason or cause or the Seller's claim against any third party in relation to the sale proceeds from the Vehicles.

7. General provisions

- a) The parties shall deal with each other fairly and in good faith so as to allow both parties to perform their respective duties and earn the benefits of this Agreement.
- b) The Seller shall provide Spergel with:
  - i. all reasonably requested information with respect to the Vehicles to the extent in the Seller's possession; and
  - ii. information on prospective interest from purchasers to purchase the Vehicles and evidence of all inquiries with respect to the Vehicles going forward, to the extent that the Seller has such information and evidence.
- c) The Seller is entering into and implementing the terms of this Agreement solely in its capacity as the agent for and on behalf of Spergel in connection with the sale of the Vehicles and nothing contained herein shall be deemed to create any type of partnership or other relationship between the parties hereto.
- d) This Agreement may be signed in counterparts and delivered via facsimile transmission, PDF or other electronic means.
- e) The parties will execute such further and other documents and do such further and other things as may be necessary to carry out and give effect to the intent of this Agreement.
- f) Any notice, demand, acceptance, request, election or waiver required or permitted to be given hereunder (the "Notice") shall be in writing and shall be deemed to be sufficiently given if personally delivered to an officer of Spergel or the Seller or served by facsimile message or e-mail or if mailed by registered mail, postage prepaid, addressed to the party to whom the same is given as follows:



in the case of Spergel:

**msi Spergel Inc.**  
**Attention: Mukul Manchanda**  
505 Consumers Road, Suite 200  
Toronto, ON M32J 4V8

in the case of the Seller:

**Chartreuse Bancorp Inc.**  
**Attention: Ardavan Khavari**  
18 Dupont Street  
Toronto, ON M5R 1V2

with a copy to:

**Blaney McMurtry LLP**  
**Attention: John Polyzogopoulos**  
2 Queen Street East  
Suite 1500  
Toronto, ON M5C 3G5

Any such notice personally delivered, faxed or e-mailed shall be deemed to be given on the date on which it was so personally delivered or faxed or e-mailed and any Notice so served by registered mail shall be deemed to have been given on the third business day following the day on which it was mailed. During the existence of any interruption or threatened interruption in the Canadian postal services, all notices shall be personally delivered or forwarded by email or fax.


- g) This Agreement is entered into by Spergel solely in its capacity as court appointed Receiver of the Debtor and Spergel shall incur no personal or corporate liability as a result of its entering into this Agreement or performing, or failing to perform, its obligations hereunder.
- h) Nothing in this Agreement shall be deemed to constitute an acknowledgement or other statement as to the validity of the Seller's asserted ownership or security interest in the Vehicles or of RBC's asserted security interest.
- i) This Agreement is without prejudice to any party making a claim to the proceeds of the sale of the Vehicles. For clarity, nothing in this Agreement shall be deemed to constitute an acknowledgment or other statement as to the Seller or RBC's rights in or claims to the proceeds of the sale of the Vehicles.

- j) No party hereto shall be entitled to assign any of its rights and obligations hereunder without the written consent of the other party hereto; provided, however, that Spergel may assign same to any trustee in bankruptcy of the Debtor, if applicable.
- k) This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.
- l) This Agreement shall constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no agreements, or understandings between the parties in connection with the subject matter hereof except as specifically set forth herein. No supplement, modification, waiver or termination of such agreement shall be binding, unless executed in writing by the party to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be abridged or extended by written agreement, in letter form or otherwise, executed by duly authorized signatories for the parties.
- m) The validity and interpretation of this Agreement, and of each provision and part thereof, shall be governed by the laws of the Province of Ontario and the parties hereto hereby irrevocably attorn to the jurisdiction of the courts of that province with respect to all matters arising out of this Agreement.


**[PAGE LEFT INTENTIONALLY BLANK]**

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement with effect as of the date written above.

**msi Spergel Inc.**, solely in its capacity as court appointed Receiver of 2236715 Ontario Limited o/a Luxury and Sports Cars and not in its personal or corporate capacity

Per:   
\_\_\_\_\_  
Mukul Manchanda, CIPR, LIT  
Principal

**CHARTREUSE BANCORP INC.**

Per:   
\_\_\_\_\_  
Title: Ardavan Khavari  
I have authority to bind the company

\_\_\_\_\_

**SCHEDULE "A"**  
**VEHICLE LIST**

<b>VEHICLES</b>	<b>VIN</b>
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 5351	WBA5B3C57ED530245
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

## APPENDIX 7

## Mukul Manchanda

---

**From:** Melinda Vine <mvine@harrisonpensa.com>  
**Sent:** November 5, 2018 9:39 AM  
**To:** John Polyzogopoulos; Ardy Khavari  
**Cc:** Mukul Manchanda  
**Subject:** msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]  
**Attachments:** MSI Spergel Inc.xlsx

**Importance:** High

John/Ardy,

All seven vehicles have now been moved to North Toronto Auction. We thank you for your cooperation with respect to the transfer.

We are advised that the next auction is November 15, 2018.

North Toronto Auction has provided the attached spreadsheet which outlines the estimated auction value and the retail value. The Receiver proposes that we set the reserve price at the estimated auction value for each vehicle (the "Reserve").

We have also been advised that the fees which will apply to each vehicle are as follows:

- 12% commission to a maximum of \$390
- \$75 charge if vehicle does not sell (Public auction)
- \$45 charge if vehicle does not sell (Dealer auction)
- \$1/km for driver's to pick up the vehicle  
(collectively the "Fees")

North Toronto Auction also requires that the name of the ownership be the party who is placing the vehicles for sale and receiving the auction funds. To this end, we will require that the ownerships be transferred to the Receiver for the purpose of the sale. As confirmed in the Vehicle Sales Agreement the Receiver will hold all funds pending an agreement of the parties or order of the court.

North Toronto Auction is anxious to begin to market and advertise the Vehicles for sale if they are to be included in the November 15, 2018 auction. The vehicles will garner a better auction price with increased advertising. In order to maximize advertising and minimize the fees associated with the vehicles being required to be placed in a second auction we request that you provide confirmation of the Reserve, the Fees and the transfer of the ownership not later the end of the business day on **November 6, 2018**.

Kindly,  
Melinda

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel 519-661-6705 | fax 519-667-3362 | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel 519-850-5568 | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

	Description	VIN	Mileage (kms)	Avg. Retail Values	Estimated Auction Values
1	2015 Mercedes-Benz M-Class LUXURY BLUETEC NAVI/BackUpCam/Bluetooth	4JGDA2EB7FA452675			
2	2014 Mercedes-Benz CLS-Class Luxury Sedan NAVI/AC/Leather/Sunroof	WDDU9BB6EA094485	75,683		
3	2011 Porsche Panamera Clean Title No Accidents/NAVI/Sensors/Bluetooth	WP0AA2A76BL014785	72,839		
4	2016 BMW X3 No Accidents w/NAVI/Bluetooth/ParkAssist/BckCam	5UXUWX9C53G0D63101	108,191		
5	2014 BMW 535i No Accidents xDrive w/Sunroof/NAVI/BackUpCam/	WBA5B3C57ED530245	77,271		
6	2014 Mercedes-Benz M-Class Luxury BLUETEC /NAVI/BackUpCam/ParkAssist	4JGDA2EB1EA386851	85,718		
7	2014 Audi S5 Tech /NAVI/ParkAssist/BackUpCam	WAUUGBFR7EA039791	54,196		
			111,736		

TOTAL AVG VALUES =

## APPENDIX 8



## **Mukul Manchanda**

---

**From:** Ardy Khavari <ardy@chartreuseinvestments.com>  
**Sent:** November 7, 2018 5:53 PM  
**To:** Melinda Vine  
**Cc:** John Polyzogopoulos; Mukul Manchanda  
**Subject:** Re: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]  
**Attachments:** RBC.xlsx; ATT00001.htm

Hello Melinda

Thank you for speaking with me today.

Please see attached you requested as I had promised.

Thank you

	Description	VIN	Mileage (kms)	Avg. Retail Values	Estimated Auction Values	Simple Sale	Settlement
1	2015 Mercedes-Benz M-Class LUXURY BLUETEC /NAVI/BackUpCam/Bluetooth	4JGDA2E87FA452675	75,683				
2	2014 Mercedes-Benz CLS-Class Luxury Sedan /NAVI/AC/Leather/Sunroof	WDDJ9BB6EA094485	72,839				
3	2011 Porsche Panamera Clean Title No Accidents/NAVI/Sensors/Bluetooth	WPDAAZJ76BL014785	108,191				
4	2016 BMW X3 No Accidents w/NAVI/Bluetooth/ParkAssist/BackCam	5UXUW9K53G0D63101	77,271				
5	2014 BMW 535i No Accidents xDrive w/Sunroof/NAVI/BackUpCam/	WBA5B3C57ED530245	85,718				
6	2014 Mercedes-Benz M-Class Luxury BLUETEC /NAVI/BackUpCam/ParkAssist	4JGDA2E81EA386851	54,196				
7	2014 Audi S5 Tech /NAVI/ParkAssist/BackUpCam	WAUUGBFR7EA039791	111,736				

TOTAL AVG VALUES =

AMG PKG

## APPENDIX 9

## **Mukul Manchanda**

---

**From:** Melinda Vine <mvine@harrisonpensa.com>  
**Sent:** November 8, 2018 3:27 PM  
**To:** Ardy Khavari  
**Cc:** John Polyzogopoulos; Mukul Manchanda  
**Subject:** RE: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]  
**Attachments:** Proposed New Reserve.XLSX

John/Ardy,

We have reviewed your proposed auction reserve prices. We understand that in the absence of a settlement with RBC you are requesting the total reserve for the vehicles be set at [REDACTED] as detailed in the attached spread sheet.

It is the Receiver's position that this value is unreasonable in light of the opportunity that was provide to you to sell the vehicles at retail value. During the period which was provided to you no sales were completed.

A reasonable resolution that the Receiver will consider is as follows:

- 1) Place the vehicles in the November 15, 2018 auction with the reserve price being set as the average between the Average Retail Value and the Estimated Auction Value. Details have been listed on the attached spread sheet under the column entitled "Receiver Proposed New Reserve"
- 2) In the event that any of the vehicles are not sold they will be re-listed at the following auction with the reserve being set at the Estimated Auction Value
- 3) In the event that any vehicles are not sold at the second auction they will be re-listed at the following auction with no reserve.

If the above is not acceptable the Receiver has requested that the Court schedule a motion on December 4, 2018 to allow the Receiver to seek direction with respect to the reserve price. At such hearing the Receiver will be recommending that the reserve price be set at the Estimated Auction Value and if the vehicles are not sold be listed at the next auction with no reserve. If this is necessary it will delay any sale and increase fees and costs.

As discussed please forward to the Receiver Chartreuse's position with respect to its security interest in the vehicles and all supporting documents.

Please provide your response not later than the end of the business day on November 9, 2018.

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel 519-661-6705 | fax 519-667-3362 | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel 519-850-5568 | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

**From:** Ardy Khavari [mailto:[ardy@chartreuseinvestments.com](mailto:ardy@chartreuseinvestments.com)]  
**Sent:** Wednesday, November 07, 2018 5:53 PM  
**To:** Melinda Vine <mvine@harrisonpensa.com>  
**Cc:** John Polyzogopoulos <[jpolyzogopoulos@blaney.com](mailto:jpolyzogopoulos@blaney.com)>; Mukul Manchanda <[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)>  
**Subject:** Re: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]

Hello Melinda

Thank you for speaking with me today.

Please see attached you requested as I had promised.

Thank you

On Nov 7, 2018, at 3:26 PM, Melinda Vine <[mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com)> wrote:

Ardy,

Further to today's discussion we look forward to receiving your proposed reserve numbers for the auction by the end of the day.

Kindly,  
Melinda

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel [519-661-6705](tel:519-661-6705) | fax [519-667-3362](tel:519-667-3362) | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel [519-850-5568](tel:519-850-5568) | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

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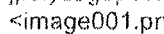
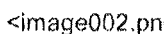
**From:** John Polyzogopoulos [<mailto:jpolyzogopoulos@blaney.com>]  
**Sent:** Wednesday, November 07, 2018 10:38 AM  
**To:** Cathy Coleiro <[ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com)>; Ardy Khavari <[ardy@chartreuseinvestments.com](mailto:ardy@chartreuseinvestments.com)>  
**Cc:** Mukul Manchanda <[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)>; Melinda Vine <[mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com)>  
**Subject:** RE: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]  
**Importance:** High

Ardy, we're on the call waiting for you, # - 416-645-1179 , Access Code – 2275857

John Polyzogopoulos

Partner

[jpolyzogopoulos@blaney.com](mailto:jpolyzogopoulos@blaney.com)

< 416-593-2953 | < 416-594-5083

---

**From:** Cathy Coleiro [<mailto:ccoleiro@harrisonpensa.com>]  
**Sent:** November 07, 2018 9:12 AM  
**To:** Ardy Khavari  
**Cc:** John Polyzogopoulos; Mukul Manchanda; Melinda Vine  
**Subject:** RE: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]

Following is the call in information:

# - 416-645-1179

Access Code – 2275857

**Cathy Coleiro, Assistant to Tim Hogan** | HARRISON Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel [519-850-5568](tel:519-850-5568) | fax [519-667-3362](tel:519-667-3362) | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com)

This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

**From:** Melinda Vine  
**Sent:** Wednesday, November 7, 2018 9:00 AM  
**To:** Ardy Khavari <[ardy@chartreuseinvestments.com](mailto:ardy@chartreuseinvestments.com)>  
**Cc:** John Polyzogopoulos <[jpolyzogopoulos@blaney.com](mailto:jpolyzogopoulos@blaney.com)>; Mukul Manchanda <[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)>; Cathy Coleiro <[ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com)>  
**Subject:** RE: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]

10:30 will work.  
My assistant will circulate a call in number.  
-Melinda

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel 519-661-6705 | fax 519-667-3362 | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel 519-850-5568 | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

**From:** Ardy Khavari [<mailto:ardy@chartreuseinvestments.com>]  
**Sent:** Wednesday, November 07, 2018 8:04 AM  
**To:** Melinda Vine <[mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com)>  
**Cc:** John Polyzogopoulos <[jpolyzogopoulos@blaney.com](mailto:jpolyzogopoulos@blaney.com)>; Mukul Manchanda <[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)>  
**Subject:** Re: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]

Hello Melinda

I believe the time for confrence call it's setup for 10:30 am.

Please let me know if that still works for you

Ardy Khavari.

Chartreuse Investments Inc.

---

CONFIDENTIALITY NOTICE: All information contained herein is for the exclusive confidential use of the intended recipient. If you are not the intended recipient, please do not read, distribute or take action in reliance upon this message. If you have received this message in error, please notify the sender immediately and promptly delete this message and all its attachments from your computer system

On Nov 7, 2018, at 7:52 AM, Melinda Vine <[mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com)> wrote:

Ardy – may we please hear from you with respect to time.  
-Melinda

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel 519-661-6705 | fax 519-667-3362 | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel 519-850-5568 | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that

is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

**From:** Melinda Vine  
**Sent:** Tuesday, November 06, 2018 6:46 PM  
**To:** 'Ardy Khavari' <[ardy@chartreuseinvestments.com](mailto:ardy@chartreuseinvestments.com)>  
**Cc:** John Polyzogopoulos <[jpolyzogopoulos@blaney.com](mailto:jpolyzogopoulos@blaney.com)>; Mukul Manchanda <[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)>  
**Subject:** RE: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]

We can be available for a call anytime tomorrow but for between the hours of 11:30 and 2:30.

Please advise.

Melinda

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel 519-661-6705 | fax 519-667-3362 | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel 519-850-5568 | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

**From:** Ardy Khavari [<mailto:ardy@chartreuseinvestments.com>]  
**Sent:** Tuesday, November 06, 2018 4:59 PM  
**To:** Melinda Vine <[mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com)>  
**Cc:** John Polyzogopoulos <[jpolyzogopoulos@blaney.com](mailto:jpolyzogopoulos@blaney.com)>; Mukul Manchanda <[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)>  
**Subject:** Re: msi/2336715 Ontario Limited [IWOV-HPMain.FID398812]  
**Importance:** High

Hello

The original amount that we had lent to Luxury Auto was \$270,553.67.

What you are selling the 7 vehicles for is much much lower than the amount that we had purchased it for.

Can we arrange to have a call tomorrow please.

Thank you

On Nov 5, 2018, at 9:39 AM, Melinda Vine <[mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com)> wrote:

John/Ardy,

All seven vehicles have now been moved to North Toronto Auction. We thank you for your cooperation with respect to the transfer. We are advised that the next auction is November 15, 2018.

North Toronto Auction has provided the attached spreadsheet which outlines the estimated auction value and the retail value. The Receiver proposes that we set the reserve price at the estimated auction value for each vehicle (the "Reserve").

We have also been advised that the fees which will apply to each vehicle are as follows:

- 12% commission to a maximum of \$390
- \$75 charge if vehicle does not sell (Public auction)
- \$45 charge if vehicle does not sell (Dealer auction)
- \$1/km for driver's to pick up the vehicle (collectively the "Fees")

North Toronto Auction also requires that the name of the ownership be the party who is placing the vehicles for sale and receiving the auction funds. To this end, we will require that the ownerships be transferred to the Receiver for the purpose of the sale. As confirmed in the Vehicle Sales Agreement the Receiver will hold all funds pending an agreement of the parties or order of the court.

North Toronto Auction is anxious to begin to market and advertise the Vehicles for sale if they are to be included in the November 15, 2018 auction. The vehicles will garner a better auction price with increased advertising. In order to maximize advertising and minimize the fees associated with the vehicles being required to be placed in a second auction we request that you provide confirmation of the Reserve, the Fees and the transfer of the ownership not later the end of the business day on **November 6, 2018**.

Kindly,  
Melinda

Melinda Vine | Harrison Pensa LLP | 450 Talbot St., London, Ontario N6A 5J6 | tel [519-661-6705](tel:519-661-6705) | fax [519-667-3362](tel:519-667-3362) | [mvine@harrisonpensa.com](mailto:mvine@harrisonpensa.com) Assistant | Cathy Coleiro / tel [519-850-5568](tel:519-850-5568) | [ccoleiro@harrisonpensa.com](mailto:ccoleiro@harrisonpensa.com) This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

<MSI Spergel Inc.xlsx>



	Description	VIN	Mileage (kms)	Avg. Retail Values	Estimated Auction Values	Simple Sale	Sattelment	Receiver Proposed New Reserve
1	2015 Mercedes-Benz M-Class LUXURY BLUETEC /NAVI/BackupCam/Bluetooth	4JGDA2EB7FA452675	75,683					
2	2014 Mercedes-Benz CLS-Class Luxury Sedan /NAVI/AC/Leather/Sunroof	WDDJ9BB66A094485	72,839					
3	2011 Porsche Panamera Clean Title No Accidents/NAVI/Sensors/Bluetooth	WP0AA2A76BL014785	108,191					
4	2016 BMW X3 No Accidents w/NAVI/Bluetooth/ParParkAssist/BackCam	5UXUMX9C33G0D63101	77,271					
5	2014 BMW 535i No Accidents xDrive w/Sunroof/NAVI/BackupCam/	WBA5B3C57ED530245	85,718					
6	2014 Mercedes-Benz M-Class Luxury BLUETEC /NAVI/BackupCam/ParParkAssist	4JGDA2EB1EA386851	54,196					
7	2014 Audi S5 Tech /NAVI/ParParkAssist/BackupCam	WAU1GBFR7EA093791	111,736					
			TOTAL AVG VALUES =					

## APPENDIX 10



**NORTH TORONTO  
AUCTION**

**North Toronto Auction's Used Vehicle  
Consignment Agreement**

The following is a consignment agreement between the following:

**Consignee Information:**

Northern Auto Auctions of Canada Inc. O/A North Toronto Auction  
3230 Thomas Street, Innisfil, Ontario L9S 3W5 (705)-436-4111  
Dealer Registration Number: 4845392  
**northtorontoauction.com**

&

**Consignor Information**

Name : msi Spergel Inc. solely in its capacity as court appointed  
receiver of the assets, undertakings and properties of 2236715 Ontario Limited o/a  
Luxury and Sports Cars and not in its personal or corporate capacity (in such capacity, the "Receiver")  
Address: 505 Consumers Road, Suite 200, Toronto, On  
Phone Numbers: 416-454-4246

Vehicle Information – see Schedule "A" (collectively the "Vehicles")

I, msi Spergel Inc. (consignor) agree to consign the vehicles listed at Schedule "A" to North Toronto Auction to sell by auction at the auction premises. I am fully aware that the price my vehicle brings at the auction will be the selling price less commissions and expenses and I will accept this bid regardless of the price subject to the limitation as set out in paragraph D below.

**Consignors' Initial** \_\_\_\_\_

I also agree that:

- A) The Vehicles are registered in the name of Chartreuse Bancorp Inc. ("Chartreuse") The Receiver is authorized to sell the Vehicles pursuant to paragraph 1(k) the Vehicle Sale Agreement, between the Receiver and Chartreuse and pursuant to Order of the Court dated \_\_\_\_\_ copies of which are attached at Schedule "B". North Toronto Auction will provide the net sale proceeds to the Receiver.
- B) Upon completion of a sale by North Toronto Auction, an auction bill of sale will be entered in to outlining the details of the sale. North Toronto Auction acknowledges all proceeds from the sale will be held in a trust account. North Toronto Auction will forward the amount due to the consignor, less auction fees, in the timeframe outlined by North Toronto Auction.

**Consignors' Initial** \_\_\_\_\_

- C) This agreement shall be in effect until the end of the auction on \_\_\_\_\_.
- D) The consignor understands that North Toronto Auction in no way warrants or guarantees the sale of the Vehicles or the price that the Vehicles sell for however, North Toronto Auction agrees that it will not sell the Vehicles for a price less than that as specified at Appendix "C".
- E) The consignor's insurance will cover the Vehicles for the duration of this Consignment Agreement in accordance with the Compulsory Automobile Insurance Act.
- F) This Agreement is subject to Court approval and will not be binding on the Receiver until such time that court approval is obtained.

Insurer: \_\_\_\_\_ Broker: \_\_\_\_\_

Policy Number: \_\_\_\_\_ Policy Expiry Date: \_\_\_\_\_

**Consignors' Initials** \_\_\_\_\_

- G) I understand that The Consignee accepts no responsibility for:
  - a) any loss or damage of any kind to the Vehicles while under the Consignee's care, custody or control
  - b) any loss of use of the Vehicles arising out of such damage
  - c) any liability for bodily injury or property damage to third parties arising from the use of the Vehicles
  - d) any accident benefits as defined under the Ontario Automobile Policy arising from such use
 save and except any damage caused by The Consignees gross negligence or willful misconduct.

**Consignors' Initial** \_\_\_\_\_

<b>Office use only</b>	
Employee initials	_____
Customer #	_____
Title received:	Yes No
CarProof	Yes No
UVIP	Yes No
Copy of agreement given to Customer	<input type="checkbox"/>
Cheque: mail	_____ OR
hold for p/u	_____

H) The consignor warrants that the distance travelled by the vehicle at the time of the signing of this agreement is \_\_\_\_\_ (indicate kilometers or miles)

Consignors' Initials \_\_\_\_\_

I) I authorize the following fees will be deducted from the proceeds of the sale of the vehicle:

Auction Sale Fee	12% to Maximum of \$390 minimum of \$115 Consignors' Initials _____
Yard Gas/Oil Service/Coolant Service/Brake Service	\$15 each service if applicable Consignors' Initials _____
Vehicle Detailing (As Quoted)	
Mechanical (As Quoted)	

Mandatory Disclosure Please Check all: The Receiver has no historical information with respect to the Vehicles

Disclosure	Yes	No
FORMER POLICE VEHICLE		
FORMER EMERGENCY SERVICE VEHICLE		
FORMER DAILY RENTAL		
FORMER TAXI		
FORMER LIMOUSINE		
VEHICLE HAS SUSTAINED FIRE DAMAGE		
STRUCTURAL DAMAGE/ALTERATION		
ANTI-LOCK BRAKES INOPERABLE		
AIRBAGS ARE MISSING		
AIRBAGS ARE INOPERABLE		
POLLUTION CONTROL INOPERABLE		
VEHICLE IS DIFFERENT FROM ORIGINAL SPECIFICATIONS		
VEHICLE HAS HAD TWO OR MORE ADJACENT PANELS REPLACED		
MANUFACTURER'S WARRANTY HAS BEEN CANCELLED		
FORMER OUT OF PROVINCE VEHICLE-SPECIFY PROVINCE		
FORMER USA VEHICLE		
BRANDED IRREPARABLE		
BRANDED SALVAGE		
BRANDED REBUILT		
VEHICLE PREVIOUSLY REPORTED AS STOLEN		
TRUE KILOMETERS ARE UNKNOWN. THE TRUE KILOMETERS ARE SUBSTANTIALLY HIGHER		
AIR CONDITIONING IS NON-OPERATIONAL		
ODOMETER IS BROKEN/FAULTY		
ODOMETER HAS BEEN REPLACED		
ODOMETER HAS BEEN ROLLED BACK		
ODOMETER IS IN MILES		
VEHICLE HAS REPAINT (CURRENT OR PREVIOUS MODEL YEAR)		
ENGINE PROBLEMS-NEEDS SUBSTANTIAL REPAIRS		
TRANSMISSION PROBLEMS-NEEDS SUBSTANTIAL REPAIRS		
POWER TRAIN PROBLEMS-NEEDS SUBSTANTIAL REPAIRS		
SUB-FRAME PROBLEMS-NEEDS SUBSTANTIAL REPAIRS		
SUSPENSION PROBLEMS-NEEDS SUBSTANTIAL REPAIRS		
COMPUTER EQUIPMENT ISSUES-NEEDS SUBSTANTIAL REPAIRS		
ELECTRICAL PROBLEMS-NEEDS SUBSTANTIAL REPAIRS		
FUEL SYSTEM ISSUE-NEEDS SUBSTANTIAL REPAIRS		
VEHICLE WAS AN INSURANCE TOTAL LOSS		
MANUFACTURER'S DECALS/BADGES ARE INACCURATE		
VEHICLE HISTORY REPORTS: _____ INCIDENTS OF \$ _____		
VEHICLE HAS SUSTAINED PREVIOUS FLOOD DAMAGE		
TRUE KILOMETERS UNKNOWN. DATE OF LAST READING IS _____		
TOTAL KILOMETERS ARE: _____		

Consignors' Initial \_\_\_\_\_

North Toronto Auction agrees that in the event that Vehicles are not sold possession of the Vehicles will only be released to the Receiver.

ALL OF WHICH IS HEREBY AGREED TO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_  
Signature Consignor \_\_\_\_\_

Auction Rep Name \_\_\_\_\_ Signature \_\_\_\_\_ No. \_\_\_\_\_

SCHEDULE "A"  
VEHICLE LIST

VEHICLES	VIN
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 535i	WBA5B3C57ED530245
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

**SCHEDULE "B"**  
**VEHICLE SALE AGREEMENT**  
**ORDER**

VEHICLES	VIN	First Auction Reserve Price	Second Auction Reserve Price	Subsequent Auctions
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675	██████	██████	██████
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485	██████	██████	██████
2011 Porsche Panamera	WP0AA2A76BL014785	██████	██████	██████
2016 BMW X3	5UXWX9C53G0D63101	██████	██████	██████
2014 BMW 535i	WBA5B3C57ED530245	██████	██████	██████
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851	██████	██████	██████
2014 Audi S5	WAULGBFR7EA039791	██████	██████	██████

## APPENDIX 11



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

Respondent

**AFFIDAVIT OF MUKUL MANCHANDA**  
(Sworn November 23, 2018)

I, **MUKUL MANCHANDA**, of the City of Brampton, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**


1. I am a Licensed Insolvency Trustee with msi Spergel inc. ("**Spergel**"), the Court-Appointed Interim Receiver (the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "**Debtor**"), and as such have knowledge of the matters to deposed herein, except where such knowledge is stated to be based on information and belief, in which case I state the source of the information and verily believe such information to be true.
2. The Interim Receiver was appointed, without security, of all of the assets, undertakings and properties of the Debtor by Order of the Honourable Justice Hailey dated July 4, 2018.
3. In connection with the interim receivership for the period from July 4, 2018 to August 2, 2018 fees of \$20,911.71 inclusive of HST and disbursements charged by Spergel as detailed in the

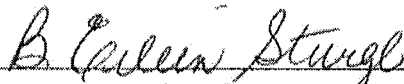
billing summary and time dockets attached hereto as Exhibit "1" to this, my Affidavit. This represents 62.50 hours at an effective rate of \$284.98 per hour.

4. The hourly billing rates detailed in this Affidavit are comparable to the hourly rates charged by Spergel for services rendered in relation to similar proceedings.

5. I make this Affidavit for no improper purpose.

**SWORN** before me at the City of Toronto, in the Province of Ontario this ~~13<sup>th</sup>~~ day of November, 2018.



  
\_\_\_\_\_  
Commissioner for Taking Affidavits

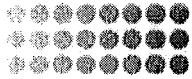
\_\_\_\_\_  
Mukul Manchanda

Barbara Eileen Sturge, a Commissioner, etc.,  
Province of Ontario, for msj Spergel Inc. and  
Spergel & Associates Inc.  
Expires September 21, 2019.

**This is Exhibit "1" of the Affidavit of  
Mukul Manchanda  
Sworn before me on this 23<sup>rd</sup> day of November, 2018**

*B. Eileen Sturge*  
**A Commissioner, Etc.**

Barbara Eileen Sturge, a Commissioner, etc.,  
Province of Ontario, for msI Spergel Inc. and  
Spergel & Associates Inc.  
Expires September 21, 2019.



**SPERGEL**

August 22, 2018

Invoice #: 11549

2236715 Ontario Limited o/a Luxury and Sports Cars

### Invoice

**RE: 2236715 Ontario Limited o/a Luxury and Sports Cars**

**FOR PROFESSIONAL SERVICES RENDERED** in the period to August 2, 2018 including analysis of financial information, review of court documents; attendance at premises and correspondence with principals and other parties.

	Hours	Hourly Rate	Total
Alan Spergel, CPA, CA, FCIRP, CFE, Trustee	0.20	\$465.00	\$93.00
Gillian Goldblatt, CPA, CA, CIRP, Trustee	3.30	290.00	957.00
Frieda Kanaris	4.10	205.00	840.50
Mukul Manchanda, CIRP, Trustee	54.90	290.00	15,921.00
Total Professional fees	62.50	\$284.98	\$17,811.50
HST			2,315.50
Reimbursable Expenses			
MTO Used Vehicle Searches			\$760.00
PPSA Search			22.75
Total Reimbursable expenses			\$782.75
HST on expenses			1.96
<b>Total</b>			<b>\$20,911.71</b>

HST Registration #R103478103

(AALUXU-R)

**mai Spergel inc.** Licensed Insolvency Trustees 505 Consumers Road, Suite 200, Toronto, ON M2J 4V8 • Tel 416 497 1660 • Fax 416 494 7199

- Barrie 705 722 5090 • Hamilton 905 527 2227 • Mississauga 905 602 4143 • Oshawa 905 721 8251 • Toronto-Central 416 778 8813
- Brampton 905 874 4905 • London 519 902 2772 • Peterborough 705 748 3333 • Scarborough 416 642 1363 • Saskatchewan 306 341 1660

Member **CAIRP** Canadian Association of Insolvency and Restructuring Practitioners

[www.spergel.ca](http://www.spergel.ca)

Member **ICIN** The Independent Canadian Insolvency Network

Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R: to AALUXU-R:
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

MSGG - Detailed Time Dockets

Printed on: 8/16/18

Page 1 of 6

File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Alan Spergel (ASP)</b>					
Thur	06/28/2018	Review/sign consent to act as IR	0.20	\$465.00	\$93.00
			<b>0.20</b>		<b>\$93.00</b>
<b>Frieda Kanaris (FKA)</b>					
Wed	07/04/2018	T/c's and emails with MM, attend Service Ontario (twice) to obtain used vehicle information packages; scan and save vehicle info in directory.	2.60	\$205.00	\$533.00
Thur	07/05/2018	Prepare schedule of vehicle current registrants, prior registrants and date registered.	1.40	\$205.00	\$287.00
Thur	08/02/2018	T/c to CRA.	0.10	\$205.00	\$20.50
			<b>4.10</b>		<b>\$840.50</b>
<b>Gillian Goldblatt (GGO)</b>					
Fri	07/06/2018	Review and summarize bank statements.	0.50	\$290.00	\$145.00
Sun	07/08/2018	Review and summarize bank statements.	1.00	\$290.00	\$290.00
Mon	07/09/2018	Review and summarize bank statements.	1.80	\$290.00	\$522.00
			<b>3.30</b>		<b>\$957.00</b>
<b>Mukul Manchanda (MMA)</b>					
Tues	07/03/2018	Receipt and review of the draft affidavit of K. Leung. Telephone discussion with I. Aversa regarding the hearing. Receipt and review of an email from M. Spence containing the consent to act. Prepared an executed copy of same and emailed it to M. Spence. Receipt and review of the draft order from M. Spence. Telephone discussion with T. Hogan regarding the order. Receipt and review of an email from T. Hogan containing his comments regarding the order. Sent an email to M. Spence providing comments to the draft order. Receipt and review of an email from M. Spence providing revised copy of the order. Telephone discussion with I. Aversa and K. Leung regarding release of PPSA registration of certain vehicles.	2.60	\$290.00	\$754.00

Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R: to AALUXU-R:
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

MSGG - Detailed Time Dockets

Printed on: 8/16/18

Page 2 of 6

File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Wed	07/04/2018	Email exchanges with I. Aversa and K. Leung regarding release of a vehicle. Receipt and review of an email from M. Spence advising that she has obtained the order and will circulate it shortly. Receipt and review of the order and endorsement of Justice Halney. Prepared a case website and uploaded the required documents. Prepared a list of vehicle identified during the consulting engagement and sent an email to F. Kanaris and instructed her to obtain Vehicle Information Packages for each vehicle from the ministry. Travel to the premises of the company and noted that the premises was locked. Noted three vehicles parked on the lot and compared VINs of same with the listing on hand. Instructed F. Kanaris to obtain Vehicle Information Packages for these three vehicles first. Telephone discussion with F. Kanaris regarding same. Sent an email to I. Aversa and asked him to provide a copy of the June 25th email exchange mentioned in the application record. Telephone discussions with T. Hogan and M. Vine regarding go forward strategy. Telephone discussion with M. Spence, I. Aversa and K. Leung regarding my findings and other matters. Receipt and review of email exchanges related to the discharge of PPSA registration on C63 AMG. Receipt and review of an email from T. Hogan containing draft email to M. Soble. Sent an email to T. Hogan providing my comments regarding same. Sent an email to M. Spence asking her to provide the Service List in word format. Uploaded same to the case website. Reviewed the vehicle history for the three vehicles and instructed S. Tolat to obtain PPSA and corporate search on a certain entity. Receipt and review of the Notice of examinations. Receipt and review of the email from T. Hogan. Sent an email to M. Vine containing my comments regarding the Notice of Examinations. Telephone discussion with I. Aversa, M. Spence and K. Leung.	6.50	\$290.00	\$1,885.00
Thur	07/05/2018	Receipt and review of an email from M. Soble regarding providing access to books and records. Receipt and review of an email from M. Soble regarding deferring examinations to a later date. Receipt and review of an email from I. Aversa containing the letter from Gardner Roberts regarding vehicles belonging to Zarin Auto. Receipt and review of an email from K. Leung containing bank statements. Email exchanges with T. Hogan regarding RIN of the company. Agreed that we will reach out to M. Soble to obtain same. Email exchanges with I. Aversa and T. Hogan regarding setting up a call. Conference call with T. Hogan, M. Soble and M. Vine regarding compliance with the order by H. Totonchian. Receipt and review of an email from S. Morris containing corporate profile reports of certain entities. Receipt and review of an email from M. Spence containing documents received from Zarin Auto. Receipt and review of an email from M. Vine to M. Soble. Receipt and review of the property parcel report for the premises and the name of the landlord. Receipt and review of an email from M. Soble. Lengthy telephone conversation with I. Aversa and M. Spence regarding the letter received from Gardiner Roberts. Prepared an analysis of the vehicles in question for Zarin Auto and emailed same to I. Aversa and M. Spence.	5.80	\$290.00	\$1,682.00

Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R: to AALUXU-R:
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

MSGG - Detailed Time Dockets

Printed on: 8/16/18

Page 3 of 6

**File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)**

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Fri	07/06/2018	Receipt and review of an email from S. Morris advising that the 10 vehicles in question for Zarin have been discharged. Telephone discussion with M. Vine regarding writing to M. Soble for access to the premises and the books and records of the company. Receipt and review of a draft letter to M. Soble. Sent an email to M. Vine containing my comments. Agreed with M. Vine that we should add T. Totonchlan to the letter as well. Receipt and review of an email from M. Vine to I. Aversa outlining our discovery regarding the TD account and draft letter to M. Soble. Email exchanges regarding setup a telephone call. Conference call with I. Aversa, M. Spence, K. Leung, T. Hogan and M. Vine regarding the go forward strategy. Discussed issues related to discharge of PPSA registrations, obtaining of books and records and sending a letter to Charreuse regarding transfer of vehicles. Agreed on all three issues. Receipt and review of an email exchange with Gardiner Roberts regarding the remaining 2 vehicles. Receipt and review of a draft letter to Charreuse from M. Vine. Sent an email to M. Vine containing my comments. Receipt and review of multiple emails from M. Soble regarding information requested from H. Totonchlan. Email exchanges with M. Vine regarding reaching out to the landlord. Review of a draft email to landlord's counsel. Sent an email to M. Vine providing my comments. Email exchanges with the landlord's counsel to gain access to the premises on Monday.	3.20	\$290.00	\$928.00
Sat	07/07/2018	Email exchanges with M. Vine and landlord's counsel.	0.20	\$290.00	\$58.00
Mon	07/09/2018	Receipt and review of an email from M. Vine containing corporate profile report of 2593619 Ontario Inc. Email exchanges with K. Bergen regarding obtaining access to the premises. Receipt and review of PPSA search of 259. Review of voicemail from M. Vine. Review of the draft email to M. Soble regarding access to the premises. Voicemail Anthony Lande regarding a creditors package. Sent an email to A. Lande answering his questions. Telephone discussion with Juan of North Toronto Auction. Review of bank statement analysis.	1.60	\$290.00	\$464.00
Tues	07/10/2018	Travel to the premises of the company. Meeting with landlord who provided access to the premises. Took pictures of the premises and noted all of the books and records were removed from the premises. Removed three computers from the premises. Sent an email to M. Vine containing the pictures and asking her to draft a letter to M. Soble regarding same. Travel back.	1.70	\$290.00	\$493.00

## Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R: to AALUXU-R:
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

## MSGG - Detailed Time Dockets

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## File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Wed	07/11/2018	Receipt and review of an email from M. Vine to M. Soble regarding examinations of his clients tomorrow, Receipt and review of an email from M. Vine to M. Moradi regarding her letter of July 6, 2018, Receipt and review of an email from M. Soble advising that the books and records of 223 up until March 2, 2018 are at the premises of his clients and records related to the time period after March 2, 2018 are in possession of A. Khavari, Receipt and review of an email from M. Soble confirming that H. Totonchian will be attending the examination tomorrow and requested that T. Totonchian be excused from attending as she does not know anything about the business and is only a personal guarantor, Telephone discussion with T. Hogan regarding examining M. Moradi of Chartreuse regarding transfer of vehicles, Email exchanges with M. Vine and T. Hogan regarding same and emails received from M. Soble, Telephone discussion with M. Vine regarding questions to be asked during the examination, Email exchanges with M. Vine regarding responding to M. Soble, Communication with K. Leung regarding obtaining copies of credit agreements signed between 223 and RBC, Sent an email to I. Aversa to obtain same, Drafted questions to be asked of Hossein and Tana tomorrow in the examinations, Email exchanges with M. Vine and M. Soble regarding timing of attendance at Totonchian's house to take possession of the books and records of 223, Sent an email to I. Aversa requesting copies of RBC's credit agreement and security agreement, Receipt and review of same, Requested the last margin reporting submitted to RBC,	2.90	\$290.00	\$841.00
Thur	07/12/2018	Travel to 95 Mural Street, Richmond Hill to attend the examinations of T. Totonchian and H. Totonchian, Collected books and records of 223 from H. Totonchian, Travel back, Transported the books and records to the office, Sent an email to I. Aversa containing the share purchase agreement and other documents, Sent an email to I. Aversa and K. Leung requesting a call tomorrow to discuss strategy,	6.00	\$290.00	\$1,740.00
Fri	07/13/2018	Telephone conversation with M. Vine regarding the follow up questions for H. Totonchian and Chartreuse, Conference call with I. Aversa, M. Spence and K. Leung regarding our findings of the examination of H. Totonchian and go forward strategy,	0.70	\$290.00	\$203.00
Mon	07/16/2018	Sent an email to T. Hogan and M. Vine asking them to reach out to M. Soble, Chartreuse, Ardy and Moe Moradi, Telephone discussion with T. Hogan regarding same,	0.30	\$290.00	\$87.00
Tues	07/17/2018	Drafted letters to Blaney, Chartreuse and M. Soble and emailed same to T. Hogan for review and comments, Receipt and review of emails from M. Vine containing comments to the letters, Telephone discussion with M. Vine regarding same, Instructed M. Vine to send the letters and notice of examinations to both M. Moradi and A. Khavari, Receipt and review of an email from M. Soble advising that he intends to bring a motion to be removed as the company's lawyer, Email exchanges with I. Aversa regarding contact information of A. Khavari and M. Moradi, Review of email exchanges related to the transcript of Hossein's examination, Receipt and review of an email from M. Spence containing a draft response to M. Soble,	3.20	\$290.00	\$928.00
Wed	07/18/2018	Forwarded Chartreuse, M. Soble and Blaney's letters to I. Aversa and K. Leung, Telephone discussion with K. Leung, I. Aversa and M. Spence regarding information required of the Interim Receiver in support of the Receivership application,	0.50	\$290.00	\$145.00



## Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R; to AALUXU-R;
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

## MSGG - Detailed Time Dockets

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## File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Thur	07/19/2018	Receipt and review of an email from M. Vine regarding the examination of A. Khavari and M. Moradi. Telephone discussion with M. Vine regarding examinations and the preparation of the report by the Interim Receiver. Review of email exchanges between M. Vine and J. Polyzogopoulos. Telephone discussion with M. Vine regarding response received from J. Polyzogopoulos. Started preparing the report. Email exchanges with I. Aversa regarding court date for appointment of the receiver.	1.80	\$290.00	\$522.00
Fri	07/20/2018	Receipt and review of an email from M. Vine containing the TD bank statements. Review of email exchanges between M. Vine and J. Polyzogopoulos regarding books and records of 223 and examinations of M. Moradi and A. Khavari. Started drafting the report to court.	1.90	\$290.00	\$551.00
Mon	07/23/2018	Review of email exchanges between M. Vine and I. Aversa regarding examinations of A. Khavari and M. Moradi. Email exchanges with M. Vine regarding the report of the Interim Receiver. Review of email exchanges between M. Vine and J. Polyzogopoulos regarding examinations of A. Khavari and M. Moradi. Receipt and review of electronic records 223 from Blaney.	1.30	\$290.00	\$377.00
Tues	07/24/2018	Drafted the Interim Receiver's report to court and emailed same to M. Vine for comments. Email exchanges related to the security position of RBC as compared to Nextgear and Chartreuse. Receipt and review of an email from M. Vine containing her comments regarding the report. Incorporated her comments to the report. Telephone discussion with M. Vine regarding getting fees approved and other issues.	4.80	\$290.00	\$1,392.00
Wed	07/25/2018	Attended examination of A. Khavari. Telephone discussion with I. Aversa, M. Spence, K. Leung and M. Spence regarding the outcome of the examination. Receipt and review of the motion record of RBC returnable August 3, 2018.	3.80	\$290.00	\$1,102.00
Thur	07/26/2018	Receipt and review of an email from M. Spence regarding the lien registration of RBC on a specific vehicle. Reviewed the UVIP of the vehicle and other relevant documents and advised M. Spence that as per UVIP the vehicle was not owned by 223 as such the lien should be discharged. Receipt and review of an email from M. Vine forwarding me an email from J. Polyzogopoulos asking if the IR will attempt to remove the vehicles in possession of chartreuse once the location of same was disclosed. Discussion with M. Vine regarding same. Email exchanges with M. Spence and I. Aversa regarding reviewing the lien registrations put on by RBC on various vehicles and determine which vehicles were never owned by 223 so the lien can be discharged.	0.90	\$290.00	\$261.00
Mon	07/30/2018	Receipt and review of the agreement to sell cars to be entered between the Receiver and Chartreuse. Telephone discussion with M. Vine regarding same.	0.80	\$290.00	\$232.00
Tues	07/31/2018	Telephone discussion with M. Vine regarding the comments received from M. Spence on the Vehicle Sale Agreement. Receipt and review of an email from M. Vine containing the revised agreement. Telephone discussion with M. Vine regarding inserting an Indemnity from Chartreuse regarding the proceeds from the sale of vehicles. Receipt and review of the final version of the agreement. Receipt and review of an email from M. Spence providing the PPSA partial discharge package for 9 vehicles.	1.80	\$290.00	\$522.00

Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
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Printed on: 8/16/18

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File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Wed	08/01/2018	Receipt and review of the supplemental report to court. Sent an email to M. Vine containing my comments. Finalized the report and provided an executed copy of same to M. Vine. Receipt and review of the vehicle sale agreement and comments received from Chartrouse regarding same. Discussion with M. Vine regarding same.	1.90	\$290.00	\$551.00
Thur	08/02/2018	Receipt and review of the Supplementary Motion Record. Uploaded same to the case website.	0.70	\$290.00	\$203.00
			<b>Mukul Manchanda (MMA)</b>	<b>54.90</b>	<b>\$15,921.00</b>
			<b>Total for File ID AALUXU-R:</b>	<b>62.50</b>	<b>\$17,811.50</b>
			<b>Grand Total:</b>	<b>62.50</b>	<b>\$17,811.50</b>

## **APPENDIX 12**

District of: Ontario  
Division No. 09 - Toronto  
Court No. CV-18-00600821-00CL  
Estate No.

FORM 18  
Notice of Application for Taxation of Accounts and Discharge of Interim Receiver  
(Rule 79)

In the matter of the receivership of  
2236715 Ontario Limited o/a Luxury and Sports Cars  
of the City of Vaughan, in the Province of Ontario

Take notice that:

1. Attached to this notice is a copy of the final statement of receipts and disbursements of msi Spergel inc., the interim receiver of the property of 2236715 Ontario Limited o/a Luxury and Sports Cars, the debtor.
2. Also attached is a statement of account prepared by the interim receiver and other information concerning the fees and expenses.
3. Objection to the statement of receipts and disbursements and to the discharge of the interim receiver must be filed with the court and the undersigned within the 30 days after the day on which this notice is sent. The notice of objection must state the reasons for the objection.
4. The debtor or, in the case of a bankruptcy, the trustee or any creditor may file a notice of objection.
5. Where no objection is filed within 30 days after the sending of this notice, the interim receiver's accounts are deemed to have been taxed and the interim receiver is deemed to be discharged, unless the court requires that the accounts be taxed on their own merit.

Dated at the City of Toronto in the Province of Ontario, this 28th day of September 2018.

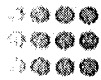
msi Spergel inc.  
solely in its capacity as Court-Appointed Interim Receiver of  
2236715 Ontario Limited o/a Luxury and Sports Cars  
and not in its corporate or personal capacity

Per:



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Mukul Manchanda - Interim Receiver  
201 - 505 Consumers Rd.  
Toronto ON M2J 4V8  
Phone: (416) 497-1660 Fax: (416) 494-7199



**SPERGEL**

August 22, 2018

**Invoice #: 11549**

2236715 Ontario Limited o/a Luxury and Sports Cars

## Invoice

**RE: 2236715 Ontario Limited o/a Luxury and Sports Cars**

**FOR PROFESSIONAL SERVICES RENDERED** in the period to August 2, 2018 including analysis of financial information, review of court documents; attendance at premises and correspondence with principals and other parties.

	<b>Hours</b>	<b>Hourly Rate</b>	<b>Total</b>
Alan Spergel, CPA, CA, FCIRP, CFE, Trustee	0.20	\$465.00	\$93.00
Gillian Goldblatt, CPA, CA, CIRP, Trustee	3.30	290.00	957.00
Frieda Kanaris	4.10	205.00	840.50
Mukul Manchanda, CIRP, Trustee	54.90	290.00	15,921.00
<b>Total Professional fees</b>	<b>62.50</b>	<b>\$284.98</b>	<b>\$17,811.50</b>
HST			2,315.50
<b>Reimbursable Expenses</b>			
MTO Used Vehicle Searches			\$760.00
PPSA Search			22.75
<b>Total Reimbursable expenses</b>			<b>\$782.75</b>
HST on expenses			1.96
<b>Total</b>			<b>\$20,911.71</b>

HST Registration #R103478103

(AALUXU-R)

**msi Spergel inc.** Licensed Insolvency Trustees 505 Consumers Road, Suite 200, Toronto, ON M2J 4V8 • Tel 416 497 1660 • Fax 416 494 7199

• Barrie 705 722 5090 • Hamilton 905 527 2227 • Mississauga 905 602 4143 • Oshawa 905 721 8251 • Toronto-Central 416 778 8813  
• Brampton 905 874 4905 • London 519 902 2772 • Peterborough 705 748 3333 • Scarborough 416 642 1363 • Saskatchewan 306 341 1660

Member **CAIRP** Canadian Association of Insolvency  
and Restructuring Practitioners

[www.spergel.ca](http://www.spergel.ca)

Member **ICIN** The Independent Canadian Insolvency Network

Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R: to AALUXU-R:
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

**File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)**

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Alan Spergel (ASP)</b>					
Thur	06/28/2018	Review/sign consent to act as IR	0.20	\$465.00	\$93.00
			<b>0.20</b>		<b>\$93.00</b>
<b>Frieda Kanarls (FKA)</b>					
Wed	07/04/2018	T/c's and emails with MM, attend Service Ontario (twice) to obtain used vehicle information packages; scan and save vehicle info in directory.	2.60	\$205.00	\$533.00
Thur	07/05/2018	Prepare schedule of vehicle current registrants, prior registrants and date registered.	1.40	\$205.00	\$287.00
Thur	08/02/2018	T/c to CRA.	0.10	\$205.00	\$20.50
			<b>4.10</b>		<b>\$840.50</b>
<b>Gillian Goldblatt (GGO)</b>					
Fri	07/06/2018	Review and summarize bank statements.	0.50	\$290.00	\$145.00
Sun	07/08/2018	Review and summarize bank statements.	1.00	\$290.00	\$290.00
Mon	07/09/2018	Review and summarize bank statements.	1.80	\$290.00	\$522.00
			<b>3.30</b>		<b>\$957.00</b>
<b>Mukul Manchanda (MMA)</b>					
Tues	07/03/2018	Receipt and review of the draft affidavit of K. Leung. Telephone discussion with I. Aversa regarding the hearing. Receipt and review of an email from M. Spence containing the consent to act. Prepared an executed copy of same and emailed it to M. Spence. Receipt and review of the draft order from M. Spence. Telephone discussion with T. Hogan regarding the order. Receipt and review of an email from T. Hogan containing his comments regarding the order. Sent an email to M. Spence providing comments to the draft order. Receipt and review of an email from M. Spence providing revised copy of the order. Telephone discussion with I. Aversa and K. Leung regarding release of PPSA registration of certain vehicles.	2.60	\$290.00	\$754.00

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MSGG - Detailed Time Dockets

Printed on: 8/16/18

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File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Wed	07/04/2018	Email exchanges with I. Aversa and K. Leung regarding release of a vehicle. Receipt and review of an email from M. Spence advising that she has obtained the order and will circulate it shortly. Receipt and review of the order and endorsement of Justice Hainey. Prepared a case website and uploaded the required documents. Prepared a list of vehicle identified during the consulting engagement and sent an email to F. Kanaris and instructed her to obtain Vehicle Information Packages for each vehicle from the ministry. Travel to the premises of the company and noted that the premises was locked. Noted three vehicles parked on the lot and compared VINs of same with the listing on hand. Instructed F. Kanaris to obtain Vehicle Information Packages for these three vehicles first. Telephone discussion with F. Kanaris regarding same. Sent an email to I. Aversa and asked him to provide a copy of the June 25th email exchange mentioned in the application record. Telephone discussions with T. Hogan and M. Vine regarding go forward strategy. Telephone discussion with M. Spence, I. Aversa and K. Leung regarding my findings and other matters. Receipt and review of email exchanges related to the discharge of PPSA registration on C63 AMG. Receipt and review of an email from T. Hogan containing draft email to M. Soble. Sent an email to T. Hogan providing my comments regarding same. Sent an email to M. Spence asking her to provide the Service List in word format. Uploaded same to the case website. Reviewed the vehicle history for the three vehicles and instructed S. Tolat to obtain PPSA and corporate search on a certain entity. Receipt and review of the Notice of examinations. Receipt and review of the email from T. Hogan. Sent an email to M. Vine containing my comments regarding the Notice of Examinations. Telephone discussion with I. Aversa, M. Spence and K. Leung.	6.50	\$290.00	\$1,885.00
Thur	07/05/2018	Receipt and review of an email from M. Soble regarding providing access to books and records. Receipt and review of an email from M. Soble regarding deferring examinations to a later date. Receipt and review of an email from I. Aversa containing the letter from Gardiner Roberts regarding vehicles belonging to Zarin Auto. Receipt and review of an email from K. Leung containing bank statements. Email exchanges with T. Hogan regarding RIN of the company. Agreed that we will reach out to M. Soble to obtain same. Email exchanges with I. Aversa and T. Hogan regarding setting up a call. Conference call with T. Hogan, M. Soble and M. Vine regarding compliance with the order by H. Tolonchian. Receipt and review of an email from S. Morris containing corporate profile reports of certain entities. Receipt and review of an email from M. Spence containing documents received from Zarin Auto. Receipt and review of an email from M. Vine to M. Soble. Receipt and review of the property parcel report for the premises and the name of the landlord. Receipt and review of an email from M. Soble. Lengthy telephone conversation with I. Aversa and M. Spence regarding the letter received from Gardiner Roberts. Prepared an analysis of the vehicles in question for Zarin Auto and emailed same to I. Aversa and M. Spence.	5.80	\$290.00	\$1,682.00

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File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Fri	07/06/2018	Receipt and review of an email from S. Morris advising that the 10 vehicles in question for Zarin have been discharged. Telephone discussion with M. Vine regarding writing to M. Soble for access to the premises and the books and records of the company. Receipt and review of a draft letter to M. Soble. Sent an email to M. Vine containing my comments. Agreed with M. Vine that we should add T. Totonchian to the letter as well. Receipt and review of an email from M. Vine to I. Aversa outlining our discovery regarding the TD account and draft letter to M. Soble. Email exchanges regarding setup a telephone call. Conference call with I. Aversa, M. Spence, K. Leung, T. Hogan and M. Vine regarding the go forward strategy. Discussed issues related to discharge of PPSA registrations, obtaining of books and records and sending a letter to Chartreuse regarding transfer of vehicles. Agreed on all three issues. Receipt and review of an email exchange with Gardiner Roberts regarding the remaining 2 vehicles. Receipt and review of a draft letter to Chartreuse from M. Vine. Sent an email to M. Vine containing my comments. Receipt and review of multiple emails from M. Soble regarding information requested from H. Totonchian. Email exchanges with M. Vine regarding reaching out to the landlord. Review of a draft email to landlord's counsel. Sent an email to M. Vine providing my comments. Email exchanges with the landlord's counsel to gain access to the premises on Monday.	3.20	\$290.00	\$928.00
Sat	07/07/2018	Email exchanges with M. Vine and landlord's counsel.	0.20	\$290.00	\$58.00
Mon	07/09/2018	Receipt and review of an email from M. Vine containing corporate profile report of 2593619 Ontario Inc. Email exchanges with K. Bergen regarding obtaining access to the premises. Receipt and review of PPSA search of 259. Review of voicemail from M. Vine. Review of the draft email to M. Soble regarding access to the premises. Voicemail Anthony Lande regarding a creditors package. Sent an email to A. Lande answering his questions. Telephone discussion with Juan of North Toronto Auction. Review of bank statement analysis.	1.60	\$290.00	\$464.00
Tues	07/10/2018	Travel to the premises of the company. Meeting with landlord who provided access to the premises. Took pictures of the premises and noted all of the books and records were removed from the premises. Removed three computers from the premises. Sent an email to M. Vine containing the pictures and asking her to draft a letter to M. Soble regarding same. Travel back.	1.70	\$290.00	\$493.00



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File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Wed	07/11/2018	Receipt and review of an email from M. Vine to M. Soble regarding examinations of his clients tomorrow. Receipt and review of an email from M. Vine to M. Moradi regarding her letter of July 6, 2018. Receipt and review of an email from M. Soble advising that the books and records of 223 up until March 2, 2018 are at the premises of his clients and records related to the time period after March 2, 2018 are in possession of A. Khavari. Receipt and review of an email from M. Soble confirming that H. Totonchian will be attending the examination tomorrow and requested that T. Totonchian be excused from attending as she does not know anything about the business and is only a personal guarantor. Telephone discussion with T. Hogan regarding examining M. Moradi of Charleuse regarding transfer of vehicles. Email exchanges with M. Vine and T. Hogan regarding same and emails received from M. Soble. Telephone discussion with M. Vine regarding questions to be asked during the examination. Email exchanges with M. Vine regarding responding to M. Soble. Communication with K. Leung regarding obtaining copies of credit agreements signed between 223 and RBC. Sent an email to I. Aversa to obtain same. Drafted questions to be asked of Hossein and Tana tomorrow in the examinations. Email exchanges with M. Vine and M. Soble regarding timing of attendance at Totonchian's house to take possession of the books and records of 223. Sent an email to I. Aversa requesting copies of RBC's credit agreement and security agreement. Receipt and review of same. Requested the last margin reporting submitted to RBC.	2.90	\$290.00	\$841.00
Thur	07/12/2018	Travel to 95 Mural Street, Richmond Hill to attend the examinations of T. Totonchian and H. Totonchian. Collected books and records of 223 from H. Totonchian. Travel back. Transported the books and records to the office. Sent an email to I. Aversa containing the share purchase agreement and other documents. Sent an email to I. Aversa and K. Leung requesting a call tomorrow to discuss strategy.	6.00	\$290.00	\$1,740.00
Fri	07/13/2018	Telephone conversation with M. Vine regarding the follow up questions for H. Totonchian and Charleuse. Conference call with I. Aversa, M. Spence and K. Leung regarding our findings of the examination of H. Totonchian and go forward strategy.	0.70	\$290.00	\$203.00
Mon	07/16/2018	Sent an email to T. Hogan and M. Vine asking them to reach out to M. Soble, Charleuse, Ardy and Moe Moradi. Telephone discussion with T. Hogan regarding same.	0.30	\$290.00	\$87.00
Tues	07/17/2018	Drafted letters to Blaney, Charleuse and M. Soble and emailed same to T. Hogan for review and comments. Receipt and review of emails from M. Vine containing comments to the letters. Telephone discussion with M. Vine regarding same. Instructed M. Vine to send the letters and notice of examinations to both M. Moradi and A. Khavari. Receipt and review of an email from M. Soble advising that he intends to bring a motion to be removed as the company's lawyer. Email exchanges with I. Aversa regarding contact information of A. Khavari and M. Moradi. Review of email exchanges related to the transcript of Hossein's examination. Receipt and review of an email from M. Spence containing a draft response to M. Soble.	3.20	\$290.00	\$928.00
Wed	07/18/2018	Forwarded Charleuse, M. Soble and Blaney's letters to I. Aversa and K. Leung. Telephone discussion with K. Leung, I. Aversa and M. Spence regarding information required of the Interim Receiver in support of the Receivership application.	0.50	\$290.00	\$145.00

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- Time Entry Date: 1/01/70 to 8/02/18
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File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Thur	07/19/2018	Receipt and review of an email from M. Vine regarding the examination of A. Khavari and M. Moradi. Telephone discussion with M. Vine regarding examinations and the preparation of the report by the Interim Receiver. Review of email exchanges between M. Vine and J. Polyzogopoulos. Telephone discussion with M. Vine regarding response received from J. Polyzogopoulos. Started preparing the report. Email exchanges with I. Aversa regarding court date for appointment of the receiver.	1.80	\$290.00	\$522.00
Fri	07/20/2018	Receipt and review of an email from M. Vine containing the TD bank statements. Review of email exchanges between M. Vine and J. Polyzogopoulos regarding books and records of 223 and examinations of M. Moradi and A. Khavari. Started drafting the report to court.	1.90	\$290.00	\$551.00
Mon	07/23/2018	Review of email exchanges between M. Vine and I. Aversa regarding examinations of A. Khavari and M. Moradi. Email exchanges with M. Vine regarding the report of the Interim Receiver. Review of email exchanges between M. Vine and J. Polyzogopoulos regarding examinations of A. Khavari and M. Moradi. Receipt and review of electronic records 223 from Blaney.	1.30	\$290.00	\$377.00
Tues	07/24/2018	Drafted the Interim Receiver's report to court and emailed same to M. Vine for comments. Email exchanges related to the security position of RBC as compared to Nextgear and Chartreuse. Receipt and review of an email from M. Vine containing her comments regarding the report. Incorporated her comments to the report. Telephone discussion with M. Vine regarding getting fees approved and other issues.	4.80	\$290.00	\$1,392.00
Wed	07/25/2018	Attended examination of A. Khavari. Telephone discussion with I. Aversa, M. Spence, K. Leung and M. Spence regarding the outcome of the examination. Receipt and review of the motion record of RBC returnable August 3, 2018.	3.80	\$290.00	\$1,102.00
Thur	07/26/2018	Receipt and review of an email from M. Spence regarding the lien registration of RBC on a specific vehicle. Reviewed the UVIP of the vehicle and other relevant documents and advised M. Spence that as per UVIP the vehicle was not owned by 223 as such the lien should be discharged. Receipt and review of an email from M. Vine forwarding me an email from J. Polyzogopoulos asking if the IR will attempt to remove the vehicles in possession of chartreuse once the location of same was disclosed. Discussion with M. Vine regarding same. Email exchanges with M. Spence and I. Aversa regarding reviewing the lien registrations put on by RBC on various vehicles and determine which vehicles were never owned by 223 so the lien can be discharged.	0.90	\$290.00	\$261.00
Mon	07/30/2018	Receipt and review of the agreement to sell cars to be entered between the Receiver and Chartreuse. Telephone discussion with M. Vine regarding same.	0.80	\$290.00	\$232.00
Tues	07/31/2018	Telephone discussion with M. Vine regarding the comments received from M. Spence on the Vehicle Sale Agreement. Receipt and review of an email from M. Vine containing the revised agreement. Telephone discussion with M. Vine regarding inserting an indemnity from Chartreuse regarding the proceeds from the sale of vehicles. Receipt and review of the final version of the agreement. Receipt and review of an email from M. Spence providing the PPSA partial discharge package for 9 vehicles.	1.80	\$290.00	\$522.00

Filters Used:

- Time Entry Date: 1/01/70 to 8/02/18
- File ID: AALUXU-R: to AALUXU-R:
- Time Entry Bill Status: Un-Billed to Un-Billed
- Time Entry Bill Status: Un-Billed to Un-Billed

MSGG - Detailed Time Dockets

Printed on: 8/16/18

Page 6 of 6

File Name (ID): 2236715 Ontario Limited o/a Luxury and Sports Cars (AALUXU-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Mukul Manchanda (MMA)</b>					
Wed	08/01/2018	Receipt and review of the supplemental report to court. Sent an email to M. Vine containing my comments. Finalized the report and provided an executed copy of same to M. Vine. Receipt and review of the vehicle sale agreement and comments received from Chartreuse regarding same. Discussion with M. Vine regarding same.	1.90	\$290.00	\$551.00
Thur	08/02/2018	Receipt and review of the Supplementary Motion Record. Uploaded same to the case website.	0.70	\$290.00	\$203.00
			<b>Mukul Manchanda (MMA)</b>	<b>54.90</b>	<b>\$15,921.00</b>
			<b>Total for File ID AALUXU-R:</b>	<b>62.50</b>	<b>\$17,811.50</b>
			<b>Grand Total:</b>	<b>62.50</b>	<b>\$17,811.50</b>



HARRISON PENSA

450 Talbot Street  
P.O. Box 3237  
LONDON ON N6A 4K3

Telephone: (519) 679 9660  
Facsimile: (519) 667 3362

msi Spergel Inc.  
505 Consumers Rd., Suite 200  
Toronto, ON  
M2J 4V8

August 14, 2018  
Invoice #: 184898

File #: 174869/Timothy C. Hogan  
RE: 2236715 Ontario Limited o/a Luxury Sports Cars

TO ALL PROFESSIONAL SERVICES RENDERED in connection with the above-noted matter, including:

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
3-Jul-18	Review materials, call to client	.40	\$180.00	TCH
3-Jul-18	Review Bank record	.20	\$90.00	TCH
4-Jul-18	E-mails from counsel	.20	\$90.00	TCH
4-Jul-18	Call with client	.20	\$90.00	TCH
4-Jul-18	Draft e-mail to counsel	.40	\$180.00	TCH
4-Jul-18	Call with counsel	.20	\$90.00	TCH
4-Jul-18	E-mail to client, call with client	.40	\$180.00	TCH
4-Jul-18	Call with RBC counsel	.20	\$90.00	TCH
4-Jul-18	To review Order and materials;	.50	\$155.00	MVI
4-Jul-18	To schedule and Draft Notices of Examination;	.60	\$186.00	MVI
4-Jul-18	To review MV reports; to request and review corporate profiles;	.50	\$155.00	MVI
4-Jul-18	To correspondence with msi;	.20	\$62.00	MVI
4-Jul-18	To correspondence to Soble;	.20	\$62.00	MVI
5-Jul-18	To various correspondence from counsel for RBC;	.30	\$93.00	MVI
5-Jul-18	To conference msi;	.20	\$62.00	MVI
5-Jul-18	To request and review pin for landlord; to request and review corporate search;	.50	\$155.00	MVI
5-Jul-18	To call from and to Spence;	.20	\$62.00	MVI
5-Jul-18	To correspondence to counsel for debtors;	.20	\$62.00	MVI
5-Jul-18	To review application record;	.50	\$155.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
5-Jul-18	To call with o/c;	.40	\$124.00	MVI
5-Jul-18	To correspondence with msi; to draft letter to TD;	.50	\$155.00	MVI
5-Jul-18	To various correspondence with msi;	.50	\$155.00	MVI
5-Jul-18	To conference TD Bank;	.20	\$62.00	MVI
5-Jul-18	To review msi vehicles summary;	.30	\$93.00	MVI
5-Jul-18	E-mails to client	.20	\$90.00	TCH
5-Jul-18	Call with counsel	.40	\$180.00	TCH
5-Jul-18	E-mail from counsel and to client	.20	\$90.00	TCH
5-Jul-18	To instructions; to letter to TD	.30	\$49.50	KBU
6-Jul-18	To instructions; to Notice of Examination; to service of Notices; to phone call to reporting agency; to email reporting agency; to email from msi spergel	1.50	\$247.50	KBU
6-Jul-18	Call with client and RBC	.30	\$135.00	TCH
6-Jul-18	Draft letter	.20	\$90.00	TCH
6-Jul-18	To review VIN and transfer analysis;	.30	\$93.00	MVI
6-Jul-18	To call to Soble and aird and berlis;	.20	\$62.00	MVI
6-Jul-18	To telephone conference;	.20	\$62.00	MVI
6-Jul-18	To letter to Chartreuse;	.50	\$155.00	MVI
6-Jul-18	To reschedule of examinations;	.20	\$62.00	MVI
6-Jul-18	To correspondence from Soble; to various correspondence with msi and counsel for the landlord regarding access; to review access to corporate profile report;	1.00	\$310.00	MVI
6-Jul-18	To various conferences /correspondence with Receiver;	1.00	\$310.00	MVI
6-Jul-18	To various conference and correspondence with TD re: account;	.80	\$248.00	MVI
6-Jul-18	To draft correspondence to Soble;	.30	\$93.00	MVI
6-Jul-18	To various correspondence and conferences with Receiver; to draft letter to Chartreuse;	1.50	\$465.00	MVI
6-Jul-18	To review documents from Chartreuse;	.20	\$62.00	MVI
6-Jul-18	To request and review various corporate profiles;	.20	\$62.00	MVI
9-Jul-18	To receipt and review of corporate profile; to correspondence to msi; to conference counsel for the landlord; to draft letter to soble; to conference msi; to PPSA search and report; to various correspondence/conference with Receiver;	1.50	\$465.00	MVI
9-Jul-18	To letter	.30	\$49.50	KBU
10-Jul-18	To correspondence from Soble;	.20	\$50.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
10-Jul-18	To report to Ian; to correspondence from landlord and msi;	.30	\$75.00	MVI
10-Jul-18	To receipt and review on premises inspection; to conference client; to report to RBC;	.50	\$125.00	MVI
10-Jul-18	To correspondence with msi;	.20	\$50.00	MVI
11-Jul-18	To various correspondence from Soble; msi and RBC;	1.10	\$275.00	MVI
11-Jul-18	To letter to MTO; to correspondence re: RIN;	.80	\$200.00	MVI
11-Jul-18	To review and prepare for examinations;	1.00	\$250.00	MVI
11-Jul-18	To correspondence with TD;	.20	\$62.00	MVI
11-Jul-18	To Affidavits of Service	.20	\$33.00	KBU
11-Jul-18	To various emails;	.20	\$90.00	TCH
12-Jul-18	To travel to and attend examination of Hossien and Tana;	8.00	\$2,480.00	MVI
16-Jul-18	Review various e-mails	.40	\$180.00	TCH
16-Jul-18	Call with client	.20	\$90.00	TCH
17-Jul-18	Review various e-mails, review correspondence and e-mail to counsel	.50	\$225.00	TCH
17-Jul-18	To review letter to Chartreuse and Blaney;	.60	\$186.00	MVI
17-Jul-18	To various correspondence with MSI and A&B;	.30	\$93.00	MVI
17-Jul-18	To letters to Chartreuse, Soble and Blaney;	.20	\$62.00	MVI
18-Jul-18	To Notice of Exam and service;	.50	\$155.00	MVI
18-Jul-18	To correspondence with Mukul;	.20	\$62.00	MVI
18-Jul-18	To review correspondence from A&B;	.20	\$62.00	MVI
18-Jul-18	To phone call to Upper Canada; to phone call to Network; to Notice to Ardavan; to service of Notice	.60	\$99.00	KBU
19-Jul-18	To Notice; to correspondence with process server; to update file; to scheduling of discoveries	.50	\$82.50	KBU
19-Jul-18	To various correspondence with msi;	.30	\$93.00	MVI
19-Jul-18	To conference TD;	.20	\$62.00	MVI
19-Jul-18	To call to Soble;	.20	\$62.00	MVI
19-Jul-18	To various research on address, to corporate profile; to property searches;	1.00	\$310.00	MVI
19-Jul-18	To conference Soble;	.20	\$62.00	MVI
19-Jul-18	To correspondence to Soble;	.20	\$62.00	MVI
19-Jul-18	To correspondence with msi; to conference Mo; to conference Blaney; to service; to draft correspondence to Khavari and Moradi; to draft Notice of Examination Moradi; to correspondence to A&B; to conference msi;	1.50	\$465.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
20-Jul-18	To correspondence re: transcript;	.20	\$62.00	MVI
20-Jul-18	To correspondence with msi;	.20	\$62.00	MVI
20-Jul-18	To TD accounts; to correspondence with MSI; to follow on transcripts; to follow with John; to follow on service;	.80	\$248.00	MVI
20-Jul-18	To phone call to reporting center	.10	\$16.50	KBU
23-Jul-18	To update file	.10	\$16.50	KBU
23-Jul-18	To instructions; to examinations; to Notices; to email court reporting office; to emails with process server; to draft letter to Mohammad; to various phone calls with Professional Court Reporting	1.60	\$264.00	KBU
23-Jul-18	To various correspondence with msi; counsel for Kharvari and Mohammad; to Notice of Examinations;	1.00	\$310.00	MVI
24-Jul-18	To correspondence from TD;	.20	\$62.00	MVI
24-Jul-18	To review PPSA and report to client;	.50	\$155.00	MVI
24-Jul-18	To report;	.80	\$248.00	MVI
24-Jul-18	To conference msi;	.20	\$62.00	MVI
24-Jul-18	To correspondence to John;	.20	\$62.00	MVI
24-Jul-18	To correspondence with A&B;	.20	\$62.00	MVI
24-Jul-18	To review documents from Chartreuse;	1.50	\$465.00	MVI
24-Jul-18	To review motion materials;	.50	\$155.00	MVI
24-Jul-18	To phone call with reporting center	.10	\$16.50	KBU
24-Jul-18	To Affidavit of Service	.20	\$33.00	KBU
24-Jul-18	Review report	.40	\$180.00	TCH
24-Jul-18	Preparation for Examination for Discovery;	4.10	\$410.00	mac
24-Jul-18	Preparation for Examination for Discovery;	2.80	\$280.00	mac
25-Jul-18	To travel to and attend at examinations;	6.00	\$1,860.00	MVI
26-Jul-18	To correspondence to Blaney;	.20	\$62.00	MVI
26-Jul-18	To correspondence with client;	.20	\$62.00	MVI
26-Jul-18	To conference Ian;	.20	\$62.00	MVI
26-Jul-18	To correspondence with A&B;	.20	\$62.00	MVI
26-Jul-18	To correspondence with client;	.20	\$62.00	MVI
27-Jul-18	To various correspondence with A&B; to correspondence client;	.60	\$186.00	MVI
30-Jul-18	To draft Vehicle Sale Agreement;	1.00	\$310.00	MVI
30-Jul-18	To Vehicle Sale Agreement;	.50	\$155.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
30-Jul-18	To correspondence with client;	.20	\$62.00	MVI
30-Jul-18	To agreement;	.20	\$62.00	MVI
30-Jul-18	Amend sale agreement	.40	\$180.00	TCH
30-Jul-18	To agreement	.60	\$99.00	KBU
31-Jul-18	To review A&B changes;	.20	\$62.00	MVI
31-Jul-18	To conference client;	.20	\$62.00	MVI
31-Jul-18	To conference A&B;	.20	\$62.00	MVI
31-Jul-18	To amend agreement;	.30	\$93.00	MVI
31-Jul-18	To conference client;	.20	\$62.00	MVI
31-Jul-18	To correspondence to A&B;	.20	\$62.00	MVI
31-Jul-18	To correspondence to Blaney;	.20	\$62.00	MVI
1-Aug-18	To draft Supplemental report;	1.20	\$372.00	MVI
1-Aug-18	To various correspondence with client;	.30	\$93.00	MVI
1-Aug-18	To correspondence counsel for Chartreuse;	.20	\$62.00	MVI
1-Aug-18	To receipt and review of changes from Blaney;	.40	\$124.00	MVI
1-Aug-18	To conference Spergel;	.20	\$62.00	MVI
1-Aug-18	To correspondence to A&B;	.20	\$62.00	MVI
1-Aug-18	To conference with Miranda;	.20	\$62.00	MVI
1-Aug-18	To correspondence with client;	.20	\$62.00	MVI
1-Aug-18	To Supplemental Report	.40	\$66.00	KBU
2-Aug-18	To correspondence with A&B; to review amended Order; to correspondence and conference with Blaney;	.60	\$186.00	MVI
2-Aug-18	To correspondence with A&B;	.20	\$62.00	MVI
3-Aug-18	To various correspondence from A&B;	.20	\$62.00	MVI

Total Fees:	\$	20,404.50	
Adjustments made in your favour:	\$	-3,244.50	
Plus GST:		0.00	
Plus HST:		<u>2,230.80</u>	
<b>Total Fees (INCL. TAX)</b>			<b>\$ <u>19,390.80</u></b>

**FEE SUMMARY:**

LAWYER	HOURS	RATE	AMOUNT
Timothy C. Hogan	5.60	\$450.00	\$2,520.00
Melinda Vine	48.70	\$310.00	\$15,097.00
Melinda Vine	4.10	\$250.00	\$1,025.00
Kelly Bryant	6.50	\$165.00	\$1,072.50
Matt Cassidy	6.90	\$100.00	\$690.00



NON-TAXABLE DISBURSEMENTS

Government Filing Fees	\$72.00
Total Non-Taxable Disbursements:	<u>72.00</u>

TAXABLE DISBURSEMENTS

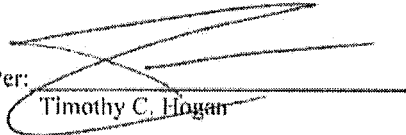
Corporate Services	25.00
Cyberbahn - Corporate Profile	104.00
Cyberbahn - PPSA	13.50
Teranet Search	281.00
Register Mail	35.73
Courier	14.36
B&W Photocopies/Printing	565.75
Long Distance Charges	10.40
Postage	9.57
Examination for Discovery	479.98
Transcripts / Discovery Transcripts	1,317.50
Service of Documents	154.00
Title Services	210.00
Total Taxable Disbursements:	\$ 3,220.79
Plus GST:	0.00
Plus HST:	<u>418.70</u>
Total Disbursements (INCL TAX)	<u>\$ 3,711.49</u>

TOTAL DUE & OWING \$ 23,102.29

THIS IS OUR ACCOUNT HEREIN

*HARRISON PENSA LLP*

Per:

  
Timothy C. Hogan

E. & O.E.

GST\ HST REGISTRATION NO: R867630543

Interest of 1.50 % is charged based on the Courts of Justice Act at time of billing on all invoices over 30 days.

TERMS: DUE UPON RECEIPT - Mastercard and Visa Accepted

HARRISON PENSA LLP, 450 Talbot Street, P.O. Box 3237, London ON N6A 4K3

Court No. CV-18-00600821-00CL

Estate No.

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Form 18  
Notice of application for taxation of accounts and  
discharge of Interim receiver

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msi Spergel inc. - Licensed Insolvency Trustee

Mukul Manchanda - Receiver  
201 - 505 Consumers Rd.  
Toronto ON M2J 4V8  
Phone: (416) 497-1660 Fax: (416) 494-7199

## **APPENDIX 13**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

**- and -**

**2236715 ONTARIO LIMITED  
o/a LUXURY AND SPORTS CARS**


**Respondent**

**AFFIDAVIT OF ROBERT DANTER  
(Sworn November 26, 2018)**

I, **Robert Danter**, of the City of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a solicitor qualified to practice law in the Province of Ontario and I am a lawyer with Harrison Pensa <sup>LLP</sup>, who acts as counsel for msi Spergel Inc. as court appointed Receiver of 2236715 Ontario Limited (the "**Receiver**") in the within proceeding and as such I have knowledge of the matters to which I hereinafter depose except for those matters based expressly upon information and belief.
2. Attached hereto and marked as Exhibit "A" is a summary of the time incurred by professionals at Harrison Pensa <sup>LLP</sup>, the hourly rate and fees associated with such and disbursements for the period of July 3, 2018 to August 3, 2018.
3. Attached hereto and marked as Exhibit "B" are particulars of time spent by professionals at Harrison Pensa <sup>LLP</sup> in connection with this matter for the period of July 3, 2018 to August 3, 2018 and an account statement detailing the services provided dated August 14, 2018.
4. The hourly billing rates set out in the Exhibits are comparable to the hourly rates charged by Harrison Pensa <sup>LLP</sup> for services rendered in relation to similar proceedings.

5. The fees and disbursements of Harrison Pensa in this matter total \$23,102.29.
6. The weighted average hourly rate charged by professionals at Harrison Pensa is \$270.06.
  
7. I make this Affidavit in support of among other things, approval of fees and disbursements of the counsel for the Receiver.

**SWORN BEFORE ME** at the City )  
of London, in the Province of )  
Ontario this 26<sup>TH</sup> day of )  
November, 2018. )  
 )  
A Commissioner, etc. )

  
\_\_\_\_\_  
**Robert Danter**

Thomas Timothy Masterson,  
a Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires June 15, 2021.

Court File No. CV-18-00600821-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

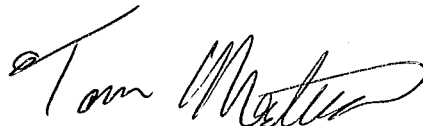
**- and -**

**2236715 ONTARIO LIMITED  
o/a LUXERY AND SPORTS CARS**

**Respondent**

**EXHIBITS**

**TABS "A" TO "B" ARE THE  
EXHIBITS TO THE AFFIDAVIT OF  
ROBERT DANTER  
SWORN THIS 26<sup>TH</sup> DAY OF NOVEMBER, 2018**



---

**A Commissioner for taking Affidavits**

Thomas Timothy Masterson,  
a Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires June 15, 2021.

EXHIBIT A

(From July 3, 2018 to August 3, 2018)

	NAME	YEAR OF CALL	ACTUAL HOURS	HOURLY RATE	TOTAL
<b>Partners</b>	Timothy C. Hogan	1995	5.6	\$450.00	\$2,520.00
	Melinda Vine	2007	48.70	\$310.00	\$15,097.00
	Melinda Vine	2007	4.1	\$250.00	\$1,025.00
<b>Clerks</b>	Kelly Bryant		6.5	\$165.00	\$1,072.50
<b>Student</b>	Matt Cassidy		6.9	\$100.00	\$690.00
<b>Adjustment</b>					(\$3,244.50)
<b>TOTAL FEES</b>					<b>\$17,160.00</b>
<b>HST ON FEES</b>					<b>\$2,230.80</b>
<b>TOTAL TAXABLE DISBURSEMENTS</b>					<b>\$3,220.79</b>
<b>TOTAL NON TAXABLE DISBURSEMENTS</b>					<b>\$72.00</b>
<b>HST DISBURSEMENTS</b>					<b>\$418.70</b>
<b>TOTAL FEES, DISBURSEMENTS AND HST</b>					<b>\$23,102.29</b>

EXHIBIT B







HARRISON PENSA

450 Talbot Street  
P.O. Box 3237  
LONDON ON N6A 4K3

Telephone: (519) 679 9660  
Facsimile: (519) 667 3362

msi Spergel Inc.  
505 Consumers Rd., Suite 200  
Toronto, ON  
M2J 4V8

August 14, 2018  
Invoice #: 184898

File #: 174869/Timothy C. Hogan  
RE: 2236715 Ontario Limited o/a Luxury Sports Cars

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TO ALL PROFESSIONAL SERVICES RENDERED in connection with the above-noted matter, including:

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
3-Jul-18	Review materials, call to client	.40	\$180.00	TCH
3-Jul-18	Review Bank record	.20	\$90.00	TCH
4-Jul-18	E-mails from counsel	.20	\$90.00	TCH
4-Jul-18	Call with client	.20	\$90.00	TCH
4-Jul-18	Draft e-mail to counsel	.40	\$180.00	TCH
4-Jul-18	Call with counsel	.20	\$90.00	TCH
4-Jul-18	E-mail to client, call with client	.40	\$180.00	TCH
4-Jul-18	Call with RBC counsel	.20	\$90.00	TCH
4-Jul-18	To review Order and materials;	.50	\$155.00	MVI
4-Jul-18	To schedule and Draft Notices of Examination;	.60	\$186.00	MVI
4-Jul-18	To review MV reports; to request and review corporate profiles;	.50	\$155.00	MVI
4-Jul-18	To correspondence with msi;	.20	\$62.00	MVI
4-Jul-18	To correspondence to Soble;	.20	\$62.00	MVI
5-Jul-18	To various correspondence from counsel for RBC;	.30	\$93.00	MVI
5-Jul-18	To conference msi;	.20	\$62.00	MVI
5-Jul-18	To request and review pin for landlord; to request and review corporate search;	.50	\$155.00	MVI
5-Jul-18	To call from and to Spence;	.20	\$62.00	MVI
5-Jul-18	To correspondence to counsel for debtors;	.20	\$62.00	MVI
5-Jul-18	To review application record;	.50	\$155.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
5-Jul-18	To call with o/c;	.40	\$124.00	MVI
5-Jul-18	To correspondence with msi; to draft letter to TD;	.50	\$155.00	MVI
5-Jul-18	To various correspondence with msi;	.50	\$155.00	MVI
5-Jul-18	To conference TD Bank;	.20	\$62.00	MVI
5-Jul-18	To review msi vehicles summary;	.30	\$93.00	MVI
5-Jul-18	E-mails to client	.20	\$90.00	TCH
5-Jul-18	Call with counsel	.40	\$180.00	TCH
5-Jul-18	E-mail from counsel and to client	.20	\$90.00	TCH
5-Jul-18	To instructions; to letter to TD	.30	\$49.50	KBU
6-Jul-18	To instructions; to Notice of Examination; to service of Notices; to phone call to reporting agency; to email reporting agency; to email from msi spergel	1.50	\$247.50	KBU
6-Jul-18	Call with client and RBC	.30	\$135.00	TCH
6-Jul-18	Draft letter	.20	\$90.00	TCH
6-Jul-18	To review VIN and transfer analysis;	.30	\$93.00	MVI
6-Jul-18	To call to Soble and aird and berlis;	.20	\$62.00	MVI
6-Jul-18	To telephone conference;	.20	\$62.00	MVI
6-Jul-18	To letter to Chartreuse;	.50	\$155.00	MVI
6-Jul-18	To reschedule of examinations;	.20	\$62.00	MVI
6-Jul-18	To correspondence from Soble; to various correspondence with msi and counsel for the landlord regarding access; to review access to corporate profile report;	1.00	\$310.00	MVI
6-Jul-18	To various conferences /correspondence with Receiver;	1.00	\$310.00	MVI
6-Jul-18	To various conference and correspondence with TD re: account;	.80	\$248.00	MVI
6-Jul-18	To draft correspondence to Soble;	.30	\$93.00	MVI
6-Jul-18	To various correspondence and conferences with Receiver; to draft letter to Chartreuse;	1.50	\$465.00	MVI
6-Jul-18	To review documents from Chartreuse;	.20	\$62.00	MVI
6-Jul-18	To request and review various corporate profiles;	.20	\$62.00	MVI
9-Jul-18	To receipt and review of corporate profile; to correspondence to msi; to conference counsel for the landlord; to draft letter to soble; to conference msi; to PPSA search and report; to various correspondence/conference with Receiver;	1.50	\$465.00	MVI
9-Jul-18	To letter	.30	\$49.50	KBU
10-Jul-18	To correspondence from Soble;	.20	\$50.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
10-Jul-18	To report to Ian; to correspondence from landlord and msi;	.30	\$75.00	MVI
10-Jul-18	To receipt and review on premises inspection; to conference client; to report to RBC;	.50	\$125.00	MVI
10-Jul-18	To correspondence with msi;	.20	\$50.00	MVI
11-Jul-18	To various correspondence from Soble; msi and RBC;	1.10	\$275.00	MVI
11-Jul-18	To letter to MTO; to correspondence re: RIN;	.80	\$200.00	MVI
11-Jul-18	To review and prepare for examinations;	1.00	\$250.00	MVI
11-Jul-18	To correspondence with TD;	.20	\$62.00	MVI
11-Jul-18	To Affidavits of Service	.20	\$33.00	KBU
11-Jul-18	To various emails;	.20	\$90.00	TCH
12-Jul-18	To travel to and attend examination of Hossien and Tana;	8.00	\$2,480.00	MVI
16-Jul-18	Review various e-mails	.40	\$180.00	TCH
16-Jul-18	Call with client	.20	\$90.00	TCH
17-Jul-18	Review various e-mails, review correspondence and e-mail to counsel	.50	\$225.00	TCH
17-Jul-18	To review letter to Chartreuse and Blaney;	.60	\$186.00	MVI
17-Jul-18	To various correspondence with MSI and A&B;	.30	\$93.00	MVI
17-Jul-18	To letters to Chartreuse, Soble and Blaney;	.20	\$62.00	MVI
18-Jul-18	To Notice of Exam and service;	.50	\$155.00	MVI
18-Jul-18	To correspondence with Mukul;	.20	\$62.00	MVI
18-Jul-18	To review correspondence from A&B;	.20	\$62.00	MVI
18-Jul-18	To phone call to Upper Canada; to phone call to Network; to Notice to Ardavan; to service of Notice	.60	\$99.00	KBU
19-Jul-18	To Notice; to correspondence with process server; to update file; to scheduling of discoveries	.50	\$82.50	KBU
19-Jul-18	To various correspondence with msi;	.30	\$93.00	MVI
19-Jul-18	To conference TD;	.20	\$62.00	MVI
19-Jul-18	To call to Soble;	.20	\$62.00	MVI
19-Jul-18	To various research on address, to corporate profile; to property searches;	1.00	\$310.00	MVI
19-Jul-18	To conference Soble;	.20	\$62.00	MVI
19-Jul-18	To correspondence to Soble;	.20	\$62.00	MVI
19-Jul-18	To correspondence with msi; to conference Mo; to conference Blaney; to service; to draft correspondence to Khavari and Moradi; to draft Notice of Examination Moradi; to correspondence to A&B; to conference msi;	1.50	\$465.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
20-Jul-18	To correspondence re: transcript;	.20	\$62.00	MVI
20-Jul-18	To correspondence with msi;	.20	\$62.00	MVI
20-Jul-18	To TD accounts; to correspondence with MSI; to follow on transcripts; to follow with John; to follow on service;	.80	\$248.00	MVI
20-Jul-18	To phone call to reporting center	.10	\$16.50	KBU
23-Jul-18	To update file	.10	\$16.50	KBU
23-Jul-18	To instructions; to examinations; to Notices; to email court reporting office; to emails with process server; to draft letter to Mohammad; to various phone calls with Professional Court Reporting	1.60	\$264.00	KBU
23-Jul-18	To various correspondence with msi; counsel for Kharvari and Mohammad; to Notice of Examinations;	1.00	\$310.00	MVI
24-Jul-18	To correspondence from TD;	.20	\$62.00	MVI
24-Jul-18	To review PPSA and report to client;	.50	\$155.00	MVI
24-Jul-18	To report;	.80	\$248.00	MVI
24-Jul-18	To conference msi;	.20	\$62.00	MVI
24-Jul-18	To correspondence to John;	.20	\$62.00	MVI
24-Jul-18	To correspondence with A&B;	.20	\$62.00	MVI
24-Jul-18	To review documents from Chartreuse;	1.50	\$465.00	MVI
24-Jul-18	To review motion materials;	.50	\$155.00	MVI
24-Jul-18	To phone call with reporting center	.10	\$16.50	KBU
24-Jul-18	To Affidavit of Service	.20	\$33.00	KBU
24-Jul-18	Review report	.40	\$180.00	TCH
24-Jul-18	Preparation for Examination for Discovery;	4.10	\$410.00	mac
24-Jul-18	Preparation for Examination for Discovery;	2.80	\$280.00	mac
25-Jul-18	To travel to and attend at examinations;	6.00	\$1,860.00	MVI
26-Jul-18	To correspondence to Blaney;	.20	\$62.00	MVI
26-Jul-18	To correspondence with client;	.20	\$62.00	MVI
26-Jul-18	To conference Ian;	.20	\$62.00	MVI
26-Jul-18	To correspondence with A&B;	.20	\$62.00	MVI
26-Jul-18	To correspondence with client;	.20	\$62.00	MVI
27-Jul-18	To various correspondence with A&B; to correspondence client;	.60	\$186.00	MVI
30-Jul-18	To draft Vehicle Sale Agreement;	1.00	\$310.00	MVI
30-Jul-18	To Vehicle Sale Agreement;	.50	\$155.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
30-Jul-18	To correspondence with client;	.20	\$62.00	MVI
30-Jul-18	To agreement;	.20	\$62.00	MVI
30-Jul-18	Amend sale agreement	.40	\$180.00	TCH
30-Jul-18	To agreement	.60	\$99.00	KBU
31-Jul-18	To review A&B changes;	.20	\$62.00	MVI
31-Jul-18	To conference client;	.20	\$62.00	MVI
31-Jul-18	To conference A&B;	.20	\$62.00	MVI
31-Jul-18	To amend agreement;	.30	\$93.00	MVI
31-Jul-18	To conference client;	.20	\$62.00	MVI
31-Jul-18	To correspondence to A&B;	.20	\$62.00	MVI
31-Jul-18	To correspondence to Blaney;	.20	\$62.00	MVI
1-Aug-18	To draft Supplemental report;	1.20	\$372.00	MVI
1-Aug-18	To various correspondence with client;	.30	\$93.00	MVI
1-Aug-18	To correspondence counsel for Chartreuse;	.20	\$62.00	MVI
1-Aug-18	To receipt and review of changes from Blaney;	.40	\$124.00	MVI
1-Aug-18	To conference Spergel;	.20	\$62.00	MVI
1-Aug-18	To correspondence to A&B;	.20	\$62.00	MVI
1-Aug-18	To conference with Miranda;	.20	\$62.00	MVI
1-Aug-18	To correspondence with client;	.20	\$62.00	MVI
1-Aug-18	To Supplemental Report	.40	\$66.00	KBU
2-Aug-18	To correspondence with A&B; to review amended Order; to correspondence and conference with Blaney;	.60	\$186.00	MVI
2-Aug-18	To correspondence with A&B;	.20	\$62.00	MVI
3-Aug-18	To various correspondence from A&B;	.20	\$62.00	MVI

Total Fees:	\$	20,404.50
Adjustments made in your favour:	\$	-3,244.50
Plus GST:		<u>0.00</u>
Plus HST:		<u>2,230.80</u>
<b>Total Fees (INCL. TAX)</b>		

**\$ 19,390.80**

**FEE SUMMARY:**

LAWYER	HOURS	RATE	AMOUNT
Timothy C. Hogan	5.60	\$450.00	\$2,520.00
Melinda Vine	48.70	\$310.00	\$15,097.00
Melinda Vine	4.10	\$250.00	\$1,025.00
Kelly Bryant	6.50	\$165.00	\$1,072.50
Matt Cassidy	6.90	\$100.00	\$690.00

**NON-TAXABLE DISBURSEMENTS**

Government Filing Fees	\$72.00
Total Non-Taxable Disbursements:	<u>72.00</u>

**TAXABLE DISBURSEMENTS**


Corporate Services	25.00	
Cyberbahn - Corporate Profile	104.00	
Cyberbahn - PPSA	13.50	
Teranet Search	281.00	
Register Mail	35.73	
Courier	14.36	
B&W Photocopies/Printing	565.75	
Long Distance Charges	10.40	
Postage	9.57	
Examination for Discovery	479.98	
Transcripts / Discovery Transcripts	1,317.50	
Service of Documents	154.00	
Title Services	210.00	
Total Taxable Disbursements:	\$ 3,220.79	
Plus GST:	0.00	
Plus HST:	<u>418.70</u>	
<b>Total Disbursements (INCL TAX)</b>		<b><u>\$ 3,711.49</u></b>

**TOTAL DUE & OWING**

**\$ 23,102.29**

**THIS IS OUR ACCOUNT HEREIN**

***HARRISON PENZA LLP***

Per:   
Timothy C. Hogan

E. & O.E.

GST \ HST REGISTRATION NO: R867630543

Interest of 1.50 % is charged based on the Courts of Justice Act at time of billing on all invoices over 30 days.

TERMS: DUE UPON RECEIPT - Mastercard and Visa Accepted

HARRISON PENSA LLP, 450 Talbot Street, P.O. Box 3237, London ON N6A 4K3

ROYAL BANK OF CANADA

v.

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS

Applicant

Respondent

Court File No. CV-18-00600821-00CL

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**ONTARIO**  
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

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**AFFIDAVIT OF ROBERT DANTER**

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Harrison Pensa <sup>LLP</sup>  
Barristers and Solicitors  
450 Talbot Street, 1<sup>st</sup> Floor  
P.O. Box 3237  
London, Ontario N6A 4K3

Timothy C. Hogan  
LSUC #36553S

Tel: (519) 679-9660  
Fax: (519) 667-3362

Solicitors for the Plaintiff  
TCH/174869

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ROYAL BANK OF CANADA

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**ONTARIO**  
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**FIRST REPORT OF MSI SPERGEL INC.**

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Barristers and Solicitors  
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Solicitors for the Plaintiff

ROYAL BANK OF CANADA

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Applicant

Respondent

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**ONTARIO**  
SUPERIOR COURT OF JUSTICE

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**MOTION RECORD**

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