

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

CINDERGIRLS INC.

Respondent

SUPPLEMENTARY MOTION RECORD

**(Motion for Sale Approval and Vesting Order; Discharge Order)
(Motion scheduled for September 4, 2020 at 9:00 a.m., via video conference)**

August 31, 2020

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto ON M5H 4G2

Rachel Moses (LSO# 42081V)
rmoses@mindengross.com
Tel: 416-369-4115
Fax: 416-864-9223

Lawyers for the Receiver, msi Spergel inc.

**TO:
SERVICE LIST**

SERVICE LIST

(re: motion returnable on September 4, 2020)

NO.	NAME	METHOD OF SERVICE
1.	<p>HARRISON PENZA LLP 450 Talbot Street London ON N6A 5J6</p> <p>Attention: Melinda Vine E-mail: mvine@harrisonpensa.com</p> <p>Lawyers for The Bank of Nova Scotia</p>	<p>BY E-MAIL TO: mvinie@harrisonpensa.com</p>
2.	<p>POLLOCK AND POLLOCK 2462 Yonge Street, Second Floor Toronto ON M4P 2H5</p> <p>Attention: Robert Pollock Tel: (416) 488-5323 ext. 29 Fax: (416) 488-3716 E-mail: pollockandpollock@rogers.com</p> <p>Lawyers for the Purchaser</p>	<p>BY E-MAIL TO: pollockandpollock@rogers.com</p>
3.	<p>HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO as represented by Ministry of Finance Legal Services Branch 33 King Street West, 6th Floor Oshawa, ON L1H 8E9</p> <p>Attention: Kevin O'Hara Senior Counsel, Ministry of Finance Tel: (905) 433-6934 Fax: (905) 436-4510 E-Mail: kevin.ohara@fin.gov.on.ca</p>	<p>BY E-MAIL TO: kevin.ohara@fin.gov.on.ca</p>
4.	<p>CANADA REVENUE AGENCY c/o Department of Justice Ontario Regional Office The Exchange Tower, Box 36 130 King Street West, Suite 3400 Toronto ON M5X 1K6</p> <p>Attention: Diane Winters Tel: (416) 952-8563 E-Mail: diane.winters@justice.gc.ca</p>	<p>BY E-MAIL TO: diane.winters@justice.gc.ca</p>

NO.	NAME	METHOD OF SERVICE
5.	<p>CANADA REVENUE AGENCY</p> <p>Attention: Daniela Pesikan Resource Officer/Complex Case Officer Bankruptcy & Insolvency Unit – TCTSO</p> <p>Tel: (416) 954-8243 E-Mail: daniela.pesikan@cra-arc.gc.ca</p>	<p>BY E-MAIL TO: daniela.pesikan@cra-arc.gc.ca</p>
6.	<p>INSOLVENCY UNIT Province of Ontario E-Mail: insolvency.unit@ontario.ca</p>	<p>BY E-MAIL TO: insolvency.unit@ontario.ca</p>
7.	<p>HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE House of Commons Ottawa ON K1A 0A6</p> <p>Attention: Diane Lebouthillier E-Mail: diane.lebouthillier@parl.gc.ca</p>	<p>BY E-MAIL TO: diane.lebouthillier@parl.gc.ca</p>
8.	<p>MUNICIPALITY OF BRIGHTON Linda Widdifield Director of Finance and Administrative Services Municipality of Brighton 35 Alice Street, P.O. Box 189 Brighton, Ontario K0K 1H0 Telephone (613) 475-0670, ext 205 Fax (613) 475-3453</p>	<p>BY E-MAIL TO: linda@brighton.ca</p>
9.	<p>THOMAS CONOLLY E-Mail: thomasjconolly@gmail.com</p>	<p>BY E-MAIL TO: thomasjconolly@gmail.com</p>
10.	<p>DORNE WILSON 214 Ontario Street Brighton ON K0K 1H0 E-Mail: dornejwilson@gmail.com</p>	<p>BY REGULAR MAIL AND BY REGISTERED MAIL BY E-MAIL TO: dornejwilson@gmail.com</p>

NO.	NAME	METHOD OF SERVICE
11.	CINDERGIRLS INC. 214 Ontario Street Brighton ON K0K 1H0	BY REGULAR MAIL AND BY REGISTERED MAIL

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TAB	DOCUMENT
1.	Supplemental Report of msi Spergel inc., dated August 31, 2020
1	Appendix "1" - Claim from CRA dated August 27, 2020 and email from CRA dated August 31, 2020

#43371244117324 v1

TAB 1

**ONTARIO
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BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

CINDERGIRLS INC.

Respondent

**SUPPLEMENTAL REPORT OF MSI SPERGEL INC.
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF
CINDERGIRLS INC.**

August 31, 2020

APPENDICES

1. Claim from CRA dated August 27, 2020 and email from CRA dated August 31, 2020

- 1.0.1 This supplemental report (this "**Supplement**") is filed by msi Spergel inc. ("**Spergel**"), in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") of Cindergirls Inc. ("**Cindergirls**" or the "**Company**"), as a supplement to the Receiver's Report to the Court dated August 26, 2020 (the "**First Report**"). Unless otherwise stated, all capitalized terms are defined as in the First Report.
- 1.0.2 The Receiver in section 1.0.2 of the First Report indicated that it was advised that no amounts were outstanding to Canada Revenue Agency ("**CRA**"). On August 27, 2020, the Receiver received a deemed trust claim in the amount of \$5,504.25 (the "**Deemed Trust Portion**") and an unsecured claim in the amount of \$37,557.55 from CRA with respect to outstanding payroll liabilities. In addition, on August 31, 2020, the Receiver received an email from CRA advising that it registered a Document General against the Real Property on June 19, 2019 and will be filing a claim with respect to same on September 3, 2020. Attached hereto as **Appendix "1"** are copies of the claim and email from CRA.
- 1.0.3 The Receiver, in section 9.0.4 (b) of the First Report indicated that the title search conducted with respect to the Real Property on August 18, 2020 indicated a Tax Arrears Certificate registered by the Municipality of Brighton on June 19, 2019 for municipal property tax arrears in the amount of \$34,295. In fact this registration was made by CRA with respect to outstanding payroll liabilities as mentioned in the email received from CRA on August 31, 2020.
- 1.0.4 Accordingly, the Receiver is proposing that, after payment of the fees and disbursements of the Receiver and the Receiver's Counsel including the Fee Accrual, the net proceeds from the sale of the Real Property be distributed as follows:
- a) \$5,693.87 or such other amount due to the Municipality of Brighton with respect to property tax arrears;
 - b) \$20,000 plus interest to BNS with respect to the Borrowings;
 - c) \$5,504.25 to CRA with respect to the Deemed Trust Portion;

d) A maximum of \$416,869.72 to BNS with respect to the amounts outstanding pursuant to the First Mortgage. It is contemplated there will be a shortfall in making payment to BNS from the proceeds of the sale of the Real Property.

1.0.5 Accordingly, the Receiver anticipates that there will be no funds available to distribute to CRA with respect to the lien registered on June 19, 2019 regarding the unsecured portion of outstanding payroll liabilities.

1.0.6 This Supplement is filed in support of the Receiver's motion for the relief set out in section 2.0.1 of the First Report and for the approval of this Supplement and the Receiver's activities herein.

msi Spergel inc.,
solely in its capacity as the court-appointed
Receiver of Cindergirls Inc. and not in its
personal or corporate capacity

Per:



Mukul Manchanda, CPA, CIRP, LIT
Principal

APPENDIX “1”



Canada Revenue Agency
Agence du revenu
du Canada

Tax Centre
Toronto ON M5J 2X6

August 27, 2020

ATTENTION: MUKUL MANCHANDA
MSI SPERGEL INC
505 CONSUMERS RD, SUITE 200
TORONTO ON M2J 4V8

Dear Sir:

Subject: CINDERGIRLS INC. sometime carrying on business as WAIN'S
GARDEN CENTRE

Account number: 74023 9124 RP0001

We were told that you have been appointed as receiver-manager for the above-named. There is a debt owed to the Canada Revenue Agency for source deductions amounting to \$37,557.55 for income tax and Canada Pension Plan (CPP) contributions, as well as employment insurance (EI) premiums.

Details of the debt are as follows:

Tax deductions:	\$25,614.86
CPP:	\$ 2,520.36
EI:	\$ 1,011.89
Penalties and interest:	\$ 8,333.89
Law Cost	\$ 76.55
Total:	\$37,557.55

Further to the Income Tax Act, the Canada Pension Plan, and the Employment Insurance Act, the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of CINDERGIRLS INC. sometime carrying on business as WAIN'S GARDEN CENTRE in receivership.

Federal income tax:	\$2,869.31
Provincial income tax:	\$ 975.55
CPP employee part:	\$1,245.07
EI employee part:	\$ 414.32
Total:	\$5,504.25

Payment for the total amount of this trust, namely \$5,504.25, must be made to the Receiver General for Canada out of the realization

.../2

Canada

National Insolvency Office
1 Front Street West
2nd Floor Suite 100
Toronto ON M5J 2X6

Local: 416-954-8243
Fax: 416-954-6411
Web site: canada.ca/taxes

of any property that is subject to these statutory trusts in priority to all other creditors.

Please let us know when payment of this trust amount and the remaining balance of \$32,053.30 will be made.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the Income Tax Act for periods before or after your appointment, you must withhold tax deductions and remit payments in accordance with that subsection and sections 101 and 108 of the Income Tax Regulations.

Also, see section 5 of the Employment Insurance Act and section 8 of the Canada Pension Plan Regulations.

For more information or clarification, please call me at (416) 954-8243.

Yours truly,



D. Pesikan (1213)
Collections Officer-Insolvency

Mukul Manchanda

From: Frieda Kanaris
Sent: August 31, 2020 1:34 PM
To: Mukul Manchanda
Subject: CRA deemed trust claim for Cindergirls - Estate #: 31-458889

See below.

Frieda Kanaris | Senior Estate Manager
msi Spergel inc. | Licensed Insolvency Trustees
505 Consumers Road, Suite 200, North York, M2J 4V8
T: 416-498-4309 | F: 416-498-4309
fkanaris@spergel.ca | www.spergelcorporate.ca
Insolvency • Restructuring • Consulting



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From: Pesikan, Daniela <Daniela.Pesikan@cra-arc.gc.ca>
Sent: August 31, 2020 1:32 PM
To: Frieda Kanaris <fkanaris@spergel.ca>
Subject: Estate #: 31-458889

Hi Frieda

RE: CINDERGIRLS INC., Motion Record Returnable September 4, 2020
Estate #: 31-458889

As per our telephone conversation, the Agency source deductions debt is not referenced in the Motion Record scheduled to be heard on September 4, 2020.

The Canada Revenue Agency asserted a claim for \$37,557.5, deemed trust amount of \$5,504.25, on August 27, 2020.

Upon further review it has been noted that the Agency registered a Document General against real property, 214 Ontario St., Brighton, KOK 1H0, PIN: 51154-0553., bearing instrument number ND182931, on June 19, 2019. A claim letter reflecting the Agency's secured amount will be filed and faxed on September 3, 2020. Due to Covid-19 restrictions entry into the building is limited to Thursdays.

Please advise if and when a supplementary filing will be amended to reflect the above.

Thank you

Daniela Pesikan

Resource Officer/Complex Case Officer
Bankruptcy & Insolvency Unit - TCTSO
Tel : (416)954-8243

Mobile: (905)516-0763
Fax : (416)954-6411

B E T W E E N

THE BANK OF NOVA SCOTIA
Applicant

-and-

CINDERGIRLS INC.
Respondent

Court File No. CV-20-00634214-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENTARY MOTION RECORD
(Motion scheduled for September 4, 2020)**

MINDEN GROSS LLP
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Toronto, ON M5H 4G2

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Lawyers for the Receiver, msi Spergel inc.

(File No. 4117324)