



SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**COUNSEL SLIP/ ENDORSEMENT FORM**

COURT FILE NO.: CV-25-00751961-00CL DATE: SEPTEMBER 29, 2025

NO. ON LIST: 5

TITLE OF PROCEEDING: ROYAL BANK OF CANADA v 8570442 CANADA INC. et al

BEFORE: JUSTICE W.D. BLACK

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party, Crown:**

| Name of Person Appearing                                | Name of Party        | Contact Info   |
|---|----------------------|--|
| <b>Counsel:</b><br>Thomas Gertner<br>Christina Piccinin | Royal Bank of Canada | thomas.gertner@gowlingwlg.com<br>christina.piccinin@gowlingwlg.com |

**For Defendant, Respondent, Responding Party, Defence:**

| Name of Person Appearing | Name of Party                            | Contact Info           |
|--------------------------|--|------------------------|
| Eldar Babayev, Counsel   | Orkhan Karimov, Director<br>Babalar Inc. | eldar@esblaw.ca        |
| Faraz Khan, Counsel      | Asif Karimov                             | faraz.khan@khanllp.com |

**For Other, Self-Represented:**

| Name of Person Appearing   | Name of Party                               | Contact Info         |
|----------------------------|---|----------------------|
| Catherine Francis, Counsel | Hillmount Capital Mortgage<br>Holdings Inc. | cfrancis@foglers.com |
| Marco Drudi, Counsel       | Michael Dibratto                            | mdrudi@dakllp.com    |

**ENDORSEMENT**

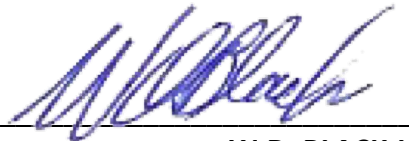
- [1] This is the Royal Bank of Canada ("RBC")'s application to appoint msi Spergel Inc. ("Spergel") as receiver and manager (in such capacity the "Receiver") without security, of:

(a) All of the assets, undertakings and properties of the Respondents (the “Debtors”) other than 105 and 857 (as defined in RBC’s materials; in this endorsement I will use terms from time to time as defined in those materials), including 818 Sheppard, 5835 Progress, 88 Dunlop, 940 Danforth owned by 105 and all lease thereof, and 816 Sheppard (together with 940 Danforth, 818 Sheppard, 5835 Progress and 88 Dunlop, the “Mortgaged Properties”) owned by 857, all lease thereof and any personal property located on or which may arise out of, from or in connection with the ownership, use of disposition of 816 Sheppard, and all proceeds of the foregoing, pursuant to section 243 of the BIA and section 101 of the CJA. (In this endorsement I will use these and other terms as defined in RBC’s materials).

- [2] When I reviewed Case Center last evening and again first thing this morning, the only materials that had been uploaded for today’s hearing were those of RBC.
- [3] It was evident from a review of those materials that RBC had a reasonable basis on which to seek the appointment of a receiver; RBC entered into credit agreements with various of the Respondents and obtained various security and guarantees in connection with those credit agreements, including GSAs in connection with specific Credit Agreements, which GSAs were executed by the Debtors in favour of RBC, and including first Charge/Mortgages against each of the Mortgaged Properties in varying amounts. The Debtors have committed a number of defaults under the Credit Agreements, including allowing loans with RBC to mature without payment, missing scheduled payments to RBC, missing property tax payments, a receiver having been appointed over 105’s personal property and subordinate mortgages being granted without RBC’s consent. RBC’s credit documents explicitly provide for the appointment of a receiver. The right to appoint a receiver is also specifically included in the RBC Mortgages and the GSAs, each of which were agreed to by the Debtors.
- [4] RBC sent demand letters through counsel to each of the Debtors on August 6, 2025, enclosing NITES pursuant to section 244 of the BIA.
- [5] In total over \$5.5 million is owed under the Credit Agreements, not including legal fees. The statutory notice period provided for under the BIA and outlined in the Demand Letters and the NITES have expired.
- [6] At the time appointed for the hearing, counsel for the Respondent Babalar Inc. (“Babalar”), was in attendance, and had uploaded, presumably at some point during the morning (the hearing commenced at 11:30 a.m.), an affidavit sworn by Orkhan Karimov, who describes himself as a director and shareholder of Babalar.
- [7] Also in attendance was counsel on behalf of Asif Karimov, a partner and co-owner together with Orkhan Karimov, directly or indirectly, in various of the respondents and the real properties at issue. (Although they share a common last name, Orkhan Karimov and Asif Karimov are not related. Nonetheless, to avoid confusion given the common name, I will refer to them respectively as “Orkhan” and “Asif”).
- [8] Each of Orkhan and Asif sought to adjourn today’s hearing.
- [9] They say that they have deals in the works to sell the subject properties, and that they need more time to conclude those proposed sales.

- [10] In his affidavit, Orkhan identifies the proposed purchaser of a number of the properties as Dr. Fazil Guliyev, a Toronto dentist. He deposes that Dr. Guliyev has means, and is interested in purchasing the real properties as investments, and attaches executed Agreements of Purchase and Sale as exhibits. Orkhan also says that he himself may seek to buy one or more of the real properties. He says that he understands there is another Agreement of Purchase and Sale for 88 Dunlop, and counsel for Asif had uploaded an Agreement of Purchase and Sale for that property. Orkhan deposes that the prices for the properties are in each case at least fair market value.
- [11] Counsel for RBC, and counsel in attendance for other creditors all opposed the adjournment sought.
- [12] Counsel for RBC pointed out that:
- (a) The APSs in respect of the sales of the properties for which Orkhan and Asif contend do not close, it appears, until late December, so approximately three months away. Counsel also says that there is no certainty that these deals will in fact close;
  - (b) The APSs are highly conditional, and subject to financing, and inspection, and to a potential reduction of the purchase price based on a yet-to-be-undertaken appraisal;
  - (c) There is actual prejudice to RBC with the delay of the proposed receivership or sales of the real properties. RBC has not been paid for some time, and the \$5.5 million outstanding continues to accrue interest;
  - (d) RBC believes that management of the Respondents cannot be trusted. RBC points to a history of management taking steps without authorization or consent from RBC, and I note that Orkhan's own affidavit, in particular in, but not limited to, paragraph 16, reflects a falling out and level of distrust between Orkhan and Asif, and that Asif has taken various clandestine steps without informing his partner Orkhan, consistent with RBC's expressed concerns;
  - (e) The properties can of course be purchased from within a receivership, such that if Orkhan, as he contends, or Asif or a related party or Dr. Guliyev wishes to purchase the real properties or one or more of them, and are prepared to pay fair value, they may do so; and
  - (f) Babalar is itself a guarantor of the debts owing to RBC and a signatory to GSAs.
- [13] In further response to RBC's submissions, counsel for Babalar/Orkhan submit that the Respondents are in the process of paying down the outstanding tax arrears, and that they expect to fully pay off those arrears in the next few weeks.
- [14] Counsel for Babalar also submits that, separate and apart from its investments in the real properties, Babalar is a busy, growing, and viable business, operating a burger restaurant, a café, and a small bakery preparing and distributing desserts. He submits that a receiver would be unable to manage all the details of these various businesses, which are profitable.
- [15] On balance, I am not prepared to grant the requested adjournment, and I am granting the receivership order sought.

- [16] The materials filed at the last minute by these Respondents fall well short of providing sufficient assurance to RBC that its interests will be protected, let alone enhanced, by delaying the receivership to allow the Respondents to complete proposed sales of the real property over the next few months.
- [17] First, as submitted by RBC's counsel, the proposed closing dates are remote, and subject to a number of conditions, such that they are by no means certain.
- [18] Second, RBC's concerns about relying on the Respondents' management appear well-founded. There is uncontroverted evidence that management have taken steps behind RBC's back, compromising RBC's security, and as noted, there is evidence in Orkhan's own affidavit as to Asif's untrustworthiness.
- [19] Third, as I pointed out to counsel for the Respondents, and as RBC's counsel submitted, the Respondents and others are not precluded by the receivership from bidding on the real properties and will have an opportunity if they wish to do so. To similar effect, if it is true, as asserted by Orkhan, that various businesses operated by Balabar are profitable going concerns, the Receiver will have no incentive to curtail or suspend the operations of those businesses, and, again, Orkhan will likely have the opportunity to acquire those businesses out of the receivership if he wishes to do so.
- [20] The fact is that the Respondents are significantly indebted to RBC and are significantly in default of various of their obligations to RBC.
- [21] RBC's Credit Agreements, GSAs and Mortgages, as well as other security, give RBC the right, in these circumstances, to enforce its security, including, in particular, the right to appoint a receiver (with court approval). It is understandable, given the issues briefly summarized above, why RBC would choose to enforce its security and give itself some visibility and control over the assets and undertakings it has financed.
- [22] In the circumstances, I find that it is just and convenient that Spergel be appointed as Receiver, and I am granting the order sought.
- [23] A signed copy of the order is attached.



W.D. BLACK J.

RELEASED: OCTOBER 6, 2025