

IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO)

B E T W E E N:

CHRISTINE DEJONG MEDICINE PROFESSIONAL CORPORATION

APPELLANT
(Respondent)

- and -

DBDC SPADINA LTD. and THOSE CORPORATIONS LISTED ON
SCHEDULE A HERETO

RESPONDENTS
(Appellants)

[Style of cause continued on Schedule A]

**MOTION TO BE ADDED AS A RESPONDING PARTY
OF THE PROPOSED RESPONDENT PARTY, SCHONFELD INC., IN ITS CAPACITY
AS THE COURT-APPOINTED MANAGER OF THOSE COMPANIES LISTED ON
SCHEDULE “B” AND THOSE PROPERTIES LISTED ON SCHEDULE “C” HERETO**

(Pursuant to Rules 18, 47 and 55-57 of the Rules of the Supreme Court of Canada)

GOODMANS LLP
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Tel: (416) 979-2211
Fax: (416) 979-1234

Mark Dunn
Email: mdunn@goodmans.ca

Carlie Fox
Email: cfox@goodmans.ca

Counsel for Schonfeld Inc.

GOLDBLATT PARTNERS
30 Metcalfe Street, Suite 500
Ottawa, Ontario

Tel: (613) 235-5327
Fax: (613) 235-3041

Colleen Bauman
Email: cbauman@goldblattpartners.com

Ottawa Agent for Schonfeld Inc.

ORIGINAL TO: THE REGISTRAR

AND TO:

TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2
Fax: 416.865.7380

Jeremy Opolsky

Tel: 416.865.8117
Email: jopolsky@torys.com

Jonathan Silver

Tel: 416.865.8198
Email: jsilver@torys.com

Alicja Puchta

Tel: 416.865.8156
Email: apuchta@torys.com

SIMPSON WIGLE LAW LLP

1006 Skyview Drive, Suite 103
Burlington, ON L7P 0V1
Fax: 905.528.9008

Rosemary A. Fisher

Tel: 905.639.1052, ext. 239
Email: fisher@simpsonwigle.com

**Counsel for the Appellant,
Christine DeJong Medicine
Professional Corporation**

POWER LAW

1103 – 130 Albert Street
Ottawa, ON K1P 5G4
Tel: 613.702.5573

Maxine Vincelette

Email: mvincelette@powerlaw.ca

**Agent for the Appellant, Christine
DeJong Medicine Professional
Corporation**

AND TO:

**LENCZNER SLAGHT
ROYCE SMITH GRIFFIN
LLP**
Barristers and Solicitors
130 Adelaide St. W., Suite 2600
Toronto, ON M5H 3P5
Fax: 406.865.9010

Peter H. Griffin
Tel: 416.865.2921
Email: pgriffin@litigate.com

Shara N. Roy
Tel: 416.865.2942
Email: sroy@litigate.com

Madison Robins
Tel: 416.865.3736
Email: mrobins@litigate.com

**Counsel for the Respondents,
DBDC Spadina Ltd. and those
corporations listed on Schedule
A hereto**

DENTONS CANADA LLP
Barristers and Solicitors
99 Bank Street, Suite 1420
Ottawa, ON K1P 1H4
Fax: 613.783.9690

David Elliot
Tel: 613.783.9699
Email: david.elliott@dentons.com

**Agent for the Respondents, DBDC
Spadina Ltd. and those corporations
listed on Schedule A hereto**

INDEX

(i)

TABLE OF CONTENTS

TAB		PAGE
1.	Notice of Motion to be Added as Respondent Party	1
2.	Affidavit of S. Harlan Schonfeld sworn March 21, 2019	12
A.	Exhibit “A” – Second Interim Report of the Inspector and the Cash Transfer Analysis, attached as Appendix A thereto	25
B.	Exhibit “B” – Fourth Report of the Inspector and the Contribution Analysis attached as Appendix “F” thereto	36
3.	Memorandum of Argument of the Proposed Respondent, Schonfeld Inc.	107
	Part I – Concise Overview and Statement of the Facts	109
	Part II – Concise Statement of the Questions in Issue	114
	Part III – Concise Statement of Argument	114
	Part IV – Submissions on Costs	116
	Part V – Order Sought	116
	Part VI – Table of Authorities	118
	Part VII – Statutory Provisions	118
4.	Draft Order	121

1

IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO)

B E T W E E N:

CHRISTINE DEJONG MEDICINE PROFESSIONAL CORPORATION

APPELLANT
(Respondent)

- and -

DBDC SPADINA LTD. and THOSE CORPORATIONS LISTED ON
SCHEDULE A HERETO

RESPONDENTS
(Appellants)

[Style of cause continued on Schedule A]

**NOTICE OF MOTION TO BE ADDED AS A RESPONDENT PARTY
OF THE PROPOSED RESPONDENT PARTY, SCHONFELD INC., IN ITS CAPACITY
AS THE COURT-APPOINTED MANAGER OF THOSE COMPANIES LISTED ON
SCHEDULE “B” AND THOSE PROPERTIES LISTED ON SCHEDULE “C” HERETO**

(Pursuant to Rules 18, 47 and 55-57 of the *Rules of the Supreme Court of Canada*)

TAKE NOTICE that Schonfeld Inc. (“**Schonfeld**”), in its capacity as Inspector pursuant to the Order of Justice Newbould dated October 4, 2013 and Manager of (i) certain companies listed in Schedule “B” to the Order of Justice Newbould dated November 5, 2013 (the “**November 5 Order**”) (the “**Schedule “B” Companies**”), together with the real estate properties owned by the Schedule “B” Companies (the “**Schedule “B” Properties**”), as amended by Order of Justice Newbould dated January 16, 2014, and (ii) the properties listed at Schedule “C” to the Order of Justice Brown dated August 12, 2014 (the “**Schedule “C” Properties**”), together with the Schedule “B” Properties, the “**Properties**”), hereby applies to a judge or the Registrar of the Court pursuant to Rules 18 and 47 of the *Rules of the Supreme*

Court of Canada for an order adding it as a Respondent in the appeal or, in the alternative, an order pursuant to Rules 55-57 granting it leave to intervene, or such further or other order as the judge or the Registrar may deem appropriate.

AND FURTHER TAKE NOTICE that the following documents will be referred to in support of the motion:

- (a) the affidavit of S. Harlan Schonfeld sworn March 21, 2019; and
- (b) such further and other materials as counsel may advise and this Honourable court may permit.

AND FURTHER TAKE NOTICE that the motion shall be made on the following grounds:

A. The Extensive Involvement of the Manager

2. This proceeding was commenced in October 2013. Since that time, the parties have appeared before the Ontario Superior Court of Justice more than 200 times. More than 50 orders and endorsements have been granted. Schonfeld, in its capacity as Manager and Inspector pursuant to the *Business Corporations Act (Ontario)*, R.S.O. 1990 c.B-16 (“**OBCA**”), has participated actively in the court proceedings relating to this matter including the hearing before the Honourable Mr. Justice Newbould (the “**Application Judge**”) and the Court of Appeal.

B. Schonfeld’s Mandate

3. This appeal is, in substance, a dispute between two victims of a fraud committed by Norma and Ronald Walton (the “**Waltons**”). Schonfeld was appointed Inspector pursuant to section 161(2) of the *OBCA* to investigate, among other things, the financial affairs of certain real estate development companies owned by the Waltons and the Respondent companies. These real estate development companies have been referred to throughout these proceedings as the **Schedule “B” Companies**.

4. The Inspector’s initial investigation uncovered significant financial irregularities at the Schedule “B” Companies. Among other things, funds invested in one company had been taken

by the Waltons, processed through a bank account held by one of their companies, The Rose & Thistle Group Ltd. (**“Rose & Thistle”**), and paid to other Schedule “B” Companies, the Waltons’ personal accounts and other companies in which Dr. Bernstein had no interest (the **“Schedule “C” Companies”**). The Appellants invested in four Schedule “C” Companies (the **“DeJong Companies”**).

5. By Order of Justice Newbould dated November 5, 2013, Schonfeld was appointed receiver/manager of the Schedule “B” Companies. After further investigation into the Waltons’ misconduct, which is described below, Schonfeld was appointed manager-receiver over the real estate properties owned by the Schedule “C” Companies (the **“Schedule “C” Properties”**) by Order of Justice Brown dated August 12, 2014.

C. Schonfeld’s involvement in the proceedings below

6. At first instance, the Manager/Inspector reported the results of its investigation to the Court and made submissions clarifying and explaining its reports. Before the Court of Appeal, counsel to the Manager/Inspector was questioned at length about its investigation. The Manager’s work product is the primary evidence relied on both by the Court at first instance and by the Court of Appeal.

D. Schonfeld’s Proposed Participation as a Respondent

7. The central dispute between the Appellants and the Respondents is whether certain companies in which the Appellants invested (defined in the Appellant’s factum as the **“Dejong Companies”**) are liable to certain companies that the Respondents invested in (which have been referred to throughout these proceedings as the **“Schedule “B” Companies”**) in knowing receipt and knowing assistance.

8. Schonfeld did not take a position on the dispute between the Appellants and Respondents before the Application Judge or the Court of Appeal and it will take no position on that dispute if this motion is granted.

E. The Manager's Mandate is Not Complete

9. The Manager is presently holding \$2,637,720¹ in respect of the Schedule "C" Companies. A total of \$1,958,678 of these funds relate to the DeJong Companies. This appeal will determine how these funds are distributed, and the Manager's mandate cannot be completed until such a determination is made.

10. The Schedule "C" Properties were sold several years ago, and the Manager has been holding the proceeds of these sales pending the outcome of the various legal disputes that could impact distribution of these funds. Given the amount of time that has passed, and the further time that will be required to address this appeal, the Manager determined in June 2018 that it was appropriate to seek permission to distribute the Schedule "C" proceeds if this Court denies the DeJongs' application for leave to appeal or grants leave but dismisses the appeal. If the Supreme Court hears the DeJongs' appeal and grants some or all of the relief sought, then the distribution approved in 2018 will need to be revisited.

11. Accordingly, the Manager has filed this motion requesting that the Manager be added as a respondent party to this appeal and that the title of proceedings be amended to show Schonfeld Inc., in its capacity as the court-appointed Manager of the Schedule "B" Companies and the Schedule "C" Properties, as "Respondent" with full rights to participate in this appeal.

¹ These amounts do not include accrued interest on GICs, nor do they account for unpaid professional fees of the Manager and its counsel.

Dated at Toronto, in the Province of Ontario, this 21st day of March, 2019.

SIGNED BY:



GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Tel: (416) 979-2211
Fax: (416) 979-1234

Mark Dunn

Email: mdunn@goodmans.ca

Carlie Fox

Email: cfox@goodmans.ca

Counsel for Schonfeld Inc.

GOLDBLATT PARTNERS

30 Metcalfe Street, Suite 500
Ottawa, Ontario

Tel: (613) 235-5327
Fax: (613) 235-3041

Colleen Bauman

Email: cbauman@goldblattpartners.com

**Ottawa Agent for
Schonfeld Inc.**

ORIGINAL TO: THE REGISTRAR

AND TO:

TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2
Fax: 416.865.7380

Jeremy Opolsky

Tel: 416.865.8117
Email: jopolsky@torys.com

Jonathan Silver

Tel: 416.865.8198
Email: jsilver@torys.com

Alicja Puchta

Tel: 416.865.8156
Email: apuchta@torys.com

SIMPSON WIGLE LAW LLP

1006 Skyview Drive, Suite 103
Burlington, ON L7P 0V1
Fax: 905.528.9008

Rosemary A. Fisher

Tel: 905.639.1052, ext. 239
Email: fisher@simpsonwigle.com

**Counsel for the Appellant,
Christine DeJong Medicine
Professional Corporation**

POWER LAW

1103 – 130 Albert Street
Ottawa, ON K1P 5G4
Tel: 613.702.5573

Maxine Vincelette

Email: mvincelette@powerlaw.ca

**Agent for the Appellant, Christine
DeJong Medicine Professional
Corporation**

AND TO:

**LENCZNER SLAGHT
ROYCE SMITH GRIFFIN
LLP**
Barristers and Solicitors
130 Adelaide St. W., Suite 2600
Toronto, ON M5H 3P5
Fax: 406.865.9010

Peter H. Griffin
Tel: 416.865.2921
Email: pgriffin@litigate.com

Shara N. Roy
Tel: 416.865.2942
Email: sroy@litigate.com

Madison Robins
Tel: 416.865.3736
Email: mrobins@litigate.com

**Counsel for the Respondents,
DBDC Spadina Ltd. and those
corporations listed on Schedule
A hereto**

DENTONS CANADA LLP
Barristers and Solicitors
99 Bank Street, Suite 1420
Ottawa, ON K1P 1H4
Fax: 613.783.9690

David Elliot
Tel: 613.783.9699
Email: david.elliott@dentons.com

**Agent for the Respondents, DBDC
Spadina Ltd. and those corporations
listed on Schedule A hereto**

NOTICE TO THE RESPONDENT TO THE MOTION: A respondent to the motion may serve and file a response to this motion within 10 days after service of the motion. If no response is filed within that time, the motion will be submitted for consideration to a judge or the Registrar, as the case may be.

SCHEDULE “A” COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investments Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen’s Corner Ltd.
14. DBDC Queen’s Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE “B” COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen’s Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.

- 32. Richmond Row Holdings Ltd.
- 33. El-Ad (1500 Don Mills) Limited
- 34. 165 Bathurst Inc.

SCHEDULE “C” PROPERTIES

1. 3270 American Drive, Mississauga, Ontario
2. 0 Luttrell Ave., Toronto, Ontario
3. 2 Kelvin Avenue, Toronto, Ontario
4. 346 Jarvis Street, Suites A, B, C, E and F, Toronto, Ontario
5. 1 William Morgan Drive, Toronto, Ontario
6. 324 Prince Edward Drive, Toronto, Ontario
7. 24 Cecil Street, Toronto, Ontario
8. 30 and 30A Hazelton Avenue, Toronto, Ontario
9. 777 St. Clarens Avenue, Toronto, Ontario
10. 252 Carlton Street and 478 Parliament Street, Toronto, Ontario
11. 66 Gerrard Street East, Toronto, Ontario
12. 2454 Bayview Avenue, Toronto, Ontario
13. 319-321 Carlaw, Toronto, Ontario
14. 260 Emerson Ave., Toronto, Ontario
15. 44 Park Lane Circle, Toronto, Ontario
16. 19 Tennis Crescent, Toronto, Ontario
17. 646 Broadview, Toronto, Ontario

2

IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO)

B E T W E E N:

CHRISTINE DEJONG MEDICINE PROFESSIONAL CORPORATION

APPELLANT
(Respondent)

- and -

DBDC SPADINA LTD. and THOSE CORPORATIONS LISTED ON
SCHEDULE A HERETO

RESPONDENTS
(Appellants)

[style of cause continued on Schedule A]

AFFIDAVIT OF S. HARLAN SCHONFELD
(Sworn March 21, 2019)

I, **S. HARLAN SCHONFELD**, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am the President of Schonfeld Inc. (“**Schonfeld**”), and have knowledge of the facts and matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.
2. Schonfeld has been appointed:
 - (a) Inspector pursuant to section 161(2) of the *Business Corporations Act (Ontario)*, R.S.O. 1990 c.B-16 and the Order of Justice Newbould dated October 4, 2013;
 - (b) Receiver/Manager of:

- (i) certain companies listed at Schedule “B” to the Order of Justice Newbould dated November 5, 2013 (the “**Schedule “B” Companies**”),¹ together with the properties owned by those companies (the “**Schedule “B” Properties**”); and
- (ii) the properties listed at Schedule “C” to the Judgment and Order of Justice Brown dated August 12, 2014 (the “**Schedule “C” Properties**” and together with the Schedule “B” Properties, the “**Properties**”).

A. Background and history of this proceeding

(i) *Schonfeld’s extensive involvement in the matter*

3. This proceeding was commenced in October 2013. Since that time, the parties have appeared before the Court more than 200 times. Although it is not named as a party in the style of cause, Schonfeld has attended each of these appearances and has been primarily responsible for (among other things) the investigation of the financial affairs of the companies at issue, the sale of the assets owned by these companies and the distribution of sale proceeds to mortgagees, unsecured creditors and (if sufficient funds are available) shareholders.

4. Schonfeld’s mandate is not complete and it has not been discharged. As described below, its mandate cannot be completed until this appeal is determined because this appeal will determine how several million dollars currently held by Schonfeld will be distributed.

(ii) *Procedural background and Schonfeld’s mandate*

5. This proceeding began with a business relationship between Dr. Stanley Bernstein and Norma and Ronauld Walton (the “**Waltons**”). Dr. Bernstein is the owner of a chain of diet clinics. The Waltons operated a real estate business through numerous corporate vehicles, but the primary operating entity was The Rose & Thistle Group Inc. (“**Rose & Thistle**”).

6. Pursuant to a series of joint venture agreements (the “**Agreements**”), Dr. Bernstein and the Waltons were to each hold a 50% interest in the Schedule “B” Companies. Dr. Bernstein’s

¹ Schedule “B” was amended by Order dated January 16, 2014.

interest was held through a series of single purpose holding companies (collectively, “**Bernstein**” or the “**Applicants**”). Each of the Schedule “B” Companies was to own one real-estate property (the “**Schedule “B” Properties**”). Between 2010 and 2013, Dr. Bernstein invested approximately \$110 million in 34 Schedule “B” Companies through the Applicants. The Agreements required that each Company be used solely for matters related to the Property it owned.

(iii) The Appellants’ investments

7. In addition to the Schedule “B” Properties, the Waltons were the beneficial owners of, or had an interest in, a separate portfolio of properties (the “**Schedule “C” Properties**”) that Dr. Bernstein did not invest in. The Waltons issued shares in the companies that owned the Schedule “C” Properties (the “**Schedule “C” Companies**”) to various individuals and entities (the “**Schedule “C” Investors**”). When Schonfeld was appointed, and during the first phase of this litigation, it did not know that there were third party investors in the Schedule “C” Companies.

8. The Appellants (the “**DeJongs**”) are Schedule “C” Investors. Through companies that they control, they invested in four of the 17 Schedule “C” Companies. They advanced shareholder loans to three of these companies. The companies in which the DeJongs claim an interest are identified in the DeJongs’ factum as the “DeJong Companies.”

(iv) The Waltons’ misuse of funds

9. The Waltons did not manage the Schedule “B” Companies’ financial affairs in the manner required by the Agreements. Instead, they transferred Dr. Bernstein’s investment in the Schedule “B” Companies, and any revenue derived from those companies, into Rose & Thistle’s bank account (the “**Rose & Thistle Account**”). From there, funds were transferred to other Schedule “B” Companies, Schedule “C” Companies and the Waltons’ personal accounts.

(v) The appointment of the Inspector

10. Schonfeld was appointed Inspector pursuant to the OBCA and authorized to investigate the affairs of the Schedule “B” Companies by Order of Justice Newbould dated October 4, 2013

(the “**Inspector’s Appointment Order**”).² Shortly after its appointment, Schonfeld discovered the co-mingling of funds described above, as well as several other issues relating to the management of the Schedule “B” Companies.

(vi) *The Appointment of the Manager over the Schedule “B” Companies*

11. By Order of Justice Newbould dated November 5, 2013 (the “**November 5 Order**”), Schonfeld was appointed receiver/manager (in this capacity, the “**Manager**”)³ to provide independent management to the Schedule “B” Companies in the interest of all stakeholders. The Waltons’ appeal of the November 5 Order was dismissed by reasons for decision dated May 21, 2014.

B. The Inspector’s Investigation

12. During the period from November 5, 2013 to July 16, 2014, Schonfeld (in its capacity as Inspector) undertook a further investigation into the Schedule “B” Companies’ affairs. The results of this investigation confirmed the Inspector’s initial conclusions. That investigation ultimately formed the evidentiary basis for the dispute that gave rise to this appeal. A brief description of the Manager’s investigation is set out below.

(i) *The Net Transfer Analysis*

13. As part of this investigation, and pursuant to its mandate as set out in the Inspector’s Appointment Order, the Inspector compiled a master spreadsheet (the “**Cash Transfer Analysis**”) containing all of the transfers between the Schedule “B” Companies, Schedule “C” Companies and the Waltons’ personal accounts. This spreadsheet was provided to the Waltons in advance of the first hearing of Bernstein’s application against them in July 2014 and to the Schedule “C” Investors (including the DeJongs) in January 2015.

² The Manager conducted some investigation and analysis prior to its appointment, pursuant to a contract with the Applicants.

³ Although Schonfeld has been described throughout these proceedings as the Manager, its appointment order and mandate are based on the standard form receivership order.

14. Based on the Cash Transfer Analysis, the Inspector concluded that:

- (a) The Waltons directed transfers of \$23.6 million (net) from the Schedule B Accounts to the Rose & Thistle Account during the period from October 2010 to October 2013. These transfers occurred on a regular and ongoing basis during the period examined; and
- (b) During the same period, the Waltons directed transfers of \$25.4 million (net) from the Rose & Thistle Account to the Schedule “C” Companies. These transfers also occurred on a regular and ongoing basis during the period examined.

15. The Cash Transfer Analysis is described in more detail in the Inspector’s Second Interim Report and Appendix “A” thereto, which are attached as **Exhibit “A”**.

(ii) Tracing of specific contributions

16. The Cash Transfer Analysis discussed above was used as the basis for a further tracing of funds invested by the Applicants in certain Schedule “B” Companies (the “**Contribution Analysis**”).

17. In all but two cases reviewed by the Inspector, some or all of the funds invested by Bernstein in the Schedule “B” Companies were immediately (on the same day and/or during the next few days) transferred from the relevant Schedule “B” Account to the Rose & Thistle Account. Funds transferred into the Rose & Thistle Account were then used to make payments, transferred to other Schedule “B” Companies or to Schedule “C” Companies. The Contribution Analysis is described in further detail in the Inspector’s Fourth Report and Appendix “F” thereto, which are attached as **Exhibit “B”**.

(iii) The August 12 Reasons

18. The Inspector’s conclusions and analysis were accepted by Justice D.M. Brown (as he then was) in Reasons for Decision dated August 12, 2014 (the “**August 12 Reasons**”). Justice Brown concluded that the Waltons had breached their contracts with Dr. Bernstein and acted oppressively by co-mingling funds and failing to make the equity contributions required of them by the Agreements.

19. In addition, Justice Brown granted the Applicants constructive trusts in respect of certain Schedule “C” Properties. Constructive trusts were granted where the Applicants could demonstrate that their funds had been transferred out of a Schedule “B” Company to a Schedule “C” Company and used by that company to purchase a specific property.

20. This relief was incorporated into the Judgment of Justice Brown dated August 12, 2014 (the “**August 12 Judgment**”). The August 12 Judgment also appointed the Manager as receiver/manager of the Schedule “C” Properties.

21. The August 12 Judgment was upheld by the Court of Appeal on September 17, 2015.

22. In the August 12 Reasons, Justice Brown declined to address the Applicants’ claim for (among other things):

- (a) damages totalling approximately \$66 million against the Waltons and a declaration that the Waltons’ liability for these damages would survive bankruptcy; and
- (b) damages in the amount of approximately \$23 million against the Schedule “C” Companies for knowing receipt of trust funds misappropriated by the Waltons and knowing assistance in the Waltons’ breach of their fiduciary duties to the Applicants and the Schedule “B” Companies.

23. These claims were the subject of a separate hearing held before Justice Newbould, which is described below.

- (iv) *The Inspector did not conduct a complete tracing of funds transferred among the Schedule “B” Companies, Schedule “C” Companies and the Waltons’ accounts*

24. As the Appellants note in their factum, the Inspector did not complete a tracing of all of the funds that flowed between the Schedule “B” Companies, Schedule “C” Companies (including the DeJong Companies) and the Waltons’ accounts. The reasons for this are described below.

25. In January 2015, certain Schedule “C” Investors brought a motion to compel the Inspector to trace how the funds they invested were used. The difficulty with this motion was

that funding to conduct such a tracing was not available. The Schedule “C” Investors’ motion was adjourned and the Schedule “C” Investors have taken no further steps to obtain such a tracing since January 2015.

26. The status of the Inspector’s tracing work was also addressed at the hearing of the DeJongs’ appeal of the August 12 Order. In dismissing that appeal, the Court held that the Manager had no obligation to trace funds invested by the Schedule “C” Investors:

[14] The DeJong appellants’ complaint about the motions judge’s failure to give directions on their tracing rights is related to the work of the Inspector. They contend that the Inspector was obliged to do a full tracing of all monies, as opposed to focusing on tracing the Bernstein applicants’ funds.

[15] The Bernstein applicants are paying for the Inspector. He is tracing their funds. Of course, in fulfilling his obligations, the Inspector must be mindful that he was appointed by the court. However, those obligations do not require the Inspector to trace the monies of all parties into and out of the various companies and properties. As the motions judge indicated, the DeJong appellants can assert their rights in the claims process. It is up to them to take such steps as are necessary to assert their rights in that process.

C. The Proceedings Below

(i) Schonfeld’s participation at first instance

27. The Applicants’ claim against the Schedule “C” Companies, which was deferred by D.M. Brown, J., was heard on June 3, 2016. At that hearing, the Applicants relied primarily on the Inspector’s tracing analysis as described above.

28. By Reasons for Decision dated September 23, 2016, Justice Newbould (the “**Application Judge**”) found, among other things, that the Schedule “C” Companies were not liable to Dr. Bernstein for knowing assistance in breach of fiduciary duty and knowing receipt of trust money. The Application Judge held (among other things) that the Inspector’s analysis did not establish that funds from any particular Schedule “B” Company had been transferred to any particular Schedule “C” Company.

(ii) *The decision of the Court of Appeal for Ontario*

29. Dr. Bernstein appealed the Application Judge's September 23 Order. That appeal was heard June 2, 2017. By Reasons for Decision dated January 25, 2018 (the "**Appeal Reasons**"), Blair and Cronk, J.J.A. set aside parts of the September 23 Order. The majority decision at the Court of Appeal relied, in part, on the Inspector's Cash Transfer Analysis. Specifically, Justice Blair held that that analysis established a net outflow from the Schedule "B" Companies of \$23.6 million. Damages were awarded to Dr. Bernstein's companies in this amount, less certain deductions.

30. Van Rensberg, J.A., writing in dissent, found that Dr. Bernstein's appeal should be dismissed as it related to his damage claim against the Schedule "C" Companies because, among other things, the Cash Transfer Analysis was "ill-suited" to establishing the liability of the Schedule "C" Companies.

D. Schonfeld's Participation in the Proceedings Below

31. Although Schonfeld is not named in the style of cause in any of the proceedings relating to this matter, it has had extensive involvement in the litigation relating to the Schedule "B" Companies and Schedule "C" Companies. The matter that gave rise to this proceeding is no exception.

32. Before the Application Judge, Schonfeld did not take a position with respect to the dispute between the DeJongs and Bernstein that ultimately gave rise to this appeal. However, the evidence and analysis tendered by the Inspector played a central role in the Application Judge's determination. I am advised by Mark Dunn, one of the lawyers at Goodmans LLP having carriage of this matter on behalf of Schonfeld, that his submissions on the knowing receipt and knowing assistance issues consisted primarily of answering questions posed by the Court about the Inspector's analysis and conclusions.

33. Schonfeld also appeared through counsel before the Court of Appeal, and participated fully in the hearing of the appeal. I am advised by Mr. Dunn, and believe, that the appeal panel asked him numerous questions about the Inspector's analysis and conclusions and he made extensive submissions in response to those questions.

E. The Effect of this Appeal on the Manager's Mandate

34. As noted above, part of the Manager's mandate was to sell the Schedule "C" Properties, identify the parties entitled to those sale proceeds and ultimately distribute funds. The Manager is presently holding funds totalling \$2,637,720 in respect of the Schedule "C" Companies. The Manager's mandate cannot be completed until these funds are distributed and the distribution of these funds will be determined, in part, by the outcome of this appeal.

35. Not all of the parties that may be entitled to distribution of the Schedule "C" Company proceeds being held by the Manager will be before the Court at the hearing of the DeJongs' appeal. The Manager is currently holding \$1,958,678 in respect of the DeJong Companies. The balance of the funds being held by the Manager relate to other companies and properties unrelated to the DeJongs. These companies are owned entirely by the Waltons or by the Waltons together with other investors.

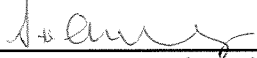
36. All of the Schedule "C" Companies, not only the DeJong Companies, were found liable to Bernstein. The other Schedule "C" Companies are not identical to the DeJong Companies. Some of these companies are, for example, owned solely by the Waltons. It also appears that the Waltons moved some preferred investors from one Schedule "C" Company to another while these proceedings were ongoing in order to better these investors' chances of recovery. In the event the Appeal Judgment is set aside, all stakeholders would benefit from clarity with respect to the effect of the decision on Schedule "C" Companies other than the DeJong Companies.

F. Schonfeld's Participation in the Appeal if Leave is Granted

37. As noted above, Schonfeld has not taken a position on the dispute between the Appellants and the Respondents. It does not intend to take a position with respect to the liability of the Schedule "C" Companies, or the legal issue at the heart of this appeal. Schonfeld is a court officer, and it brought this motion so that it will be in a position to provide assistance to the Court if such assistance is desired. Specifically, Schonfeld expects that its participation in the appeal will be limited to: (i) providing a neutral summary of its investigation and analysis and answering any questions about that analysis that the Court may have, as it did before the Court of Appeal; and, (ii) providing any factual context required relating to how this Court's

determination could affect other stakeholders in these proceedings including Schedule "C" Investors who will not be before the Court.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario this 21st
day of March, 2019.



A Commissioner for taking Affidavits, etc.

Ti-Anna Wang, a
Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires April 24, 2020.



S. HARLAN SCHONFELD

SCHEDULE “A” COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investments Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen’s Corner Ltd.
14. DBDC Queen’s Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE “B” COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Inc.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen’s Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Development Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited
32. 165 Bathurst Inc.

SCHEDULE “C” PROPERTIES

1. 3270 American Drive, Mississauga, Ontario
2. 0 Luttrell Ave., Toronto, Ontario
3. 2 Kelvin Avenue, Toronto, Ontario
4. 346 Jarvis Street, Suites A, B, C, E and F, Toronto, Ontario
5. 1 William Morgan Drive, Toronto, Ontario
6. 324 Prince Edward Drive, Toronto, Ontario
7. 24 Cecil Street, Toronto, Ontario
8. 30 and 30A Hazelton Avenue, Toronto, Ontario
9. 777 St. Clarens Avenue, Toronto, Ontario
10. 252 Carlton Street and 478 Parliament Street, Toronto, Ontario
11. 66 Gerrard Street East, Toronto, Ontario
12. 2454 Bayview Avenue, Toronto, Ontario
13. 319-321 Carlaw, Toronto, Ontario
14. 260 Emerson Ave., Toronto, Ontario
15. 44 Park Lane Circle, Toronto, Ontario
16. 19 Tennis Crescent, Toronto, Ontario
17. 646 Broadview, Toronto, Ontario

6921396

A

This is Exhibit "A" referred to in the
 affidavit of S. Harlan Schonfeld
 sworn before me, this 21st
 day of March 20, 19

Lo Am...
 A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No.: CV -13-1 0280-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
 (Commercial List)

BETWEEN:

DBDC SPADINA LTD., and
 THOSE CORPORATIONS LISTED ON
 SCHEDULE A HERETO

Applicants

and

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE
 GROUP LTD. and EGLINTON CASTLE INC.

Respondents

and

THOSE CORPORATIONS LISTED IN SCHEDULE B, TO BE BOUND
 BY THE RESULT

SECOND INTERIM REPORT OF THE INSPECTOR, SCHONFELD INC.

I. Introduction

1. This is the Second Interim Report (the “Second Report”) of Schonfeld Inc. (the “Inspector”) in its capacity as inspector pursuant to subsection 161(2) of the *Business Corporations Act (Ontario)* and the Order of Justice Newbould dated October 4, 2013 (the “Appointment Order”). The Inspector has previously filed its First Interim Report dated October 21, 2013 (the “First Report”) and its Supplemental Report to the First Report dated October 24, 2013 (the “Supplemental Report”) on October 24, 2013.

A. Purpose of this Report

2. The purpose of this Second Report is to: (i) update the analysis previously provided to this Honourable Court; and (ii) advise this Honourable Court of the status of the Inspector’s investigation.

B. Terms of reference

3. In preparing this report, the Inspector has relied upon documents and information provided to it by the parties and has not verified the authenticity or accuracy of these documents. The Inspector has assumed that the documents provided to it (other than the parties’ internal accounting records) are authentic and accurate. For example, the Inspector has assumed that documents purporting to be bank statements are true copies of statements provided by the relevant financial institution and that these statements accurately describe the transactions in the relevant account.

4. The Inspector has not performed an audit or other verification of the internal accounting documents provided to it by the parties. Some of the parties’ internal accounting records have been reconciled with the documents referenced in paragraph 3 above (including bank statements and government registrations) but the internal records remain subject to further verification once sufficient information is provided.

C. Currency

5. All currency references are in Canadian dollars.

II. Updated analysis

A. Cash Transfers and Billing Summary

6. The Inspector updated the Cash Transfers and Billing Summary that was attached as Appendix "E" to the First Report and Appendix "D" to the Supplemental Report to include information to October 28, 2013. The updated Cash Transfers and Billing Summary is attached as Appendix "A".

7. Transfers to and from Rose & Thistle continued between October 1, 2013 and October 24, 2013. During this period, Rose & Thistle received approximately \$240,000 more from the Companies than it transferred to the Companies. After the all-parties meeting on October 17, 2013, Rose & Thistle transferred funds to the Companies but did not receive any further electronic transfers from the Companies.

B. Updated property investment profile

8. The Inspector also updated the Property Investment Profile that was attached to the First Report as Appendix "D" and the Supplemental Report as Appendix "C". The only change to the Property Investment Profile is that Rose & Thistle transferred \$100 to 17 Companies to fund the Waltons' share subscription. These amounts had previously been listed as a receivable owed to each Company. The updated Property Investment Profile is attached as Appendix "B".

III. The Inspector's activities since October 25, 2013

9. On October 28, 2013, Harlan Schonfeld and Jim Merryweather attended at Rose & Thistle's offices on behalf of the Inspector. One of the primary goals of this attendance was to review documentation underlying the invoices issued by Rose & Thistle to the Companies. Messrs. Schonfeld and Merryweather met with:

- (a) Mario Bucci, the Chief Financial Officer of Rose & Thistle;
- (b) Mark Goldberg, executive vice-president of Rose & Thistle; and,
- (c) Yvonne Liu, Rose & Thistle's Director, Strategic Development.

B. Information obtained by the Inspector

10. Mr. Goldberg advised Mr. Schonfeld that he was responsible for (among other things) the construction project being undertaken at 1485 Dupont (the "Dupont Project") by Dupont Developments Ltd. ("Dupont Developments"). Mr. Goldberg provided Mr. Schonfeld with a construction budget for the Dupont Project but advised that it was out of date. The budget provided by Mr. Goldberg is attached as Appendix "C". Mr. Goldberg also provided a budget for environmental remediation of 1485 Dupont, which is attached as Appendix "D". These budgets indicate that Dupont Developments spent \$385,000 on construction and approximately \$20,000 on environmental remediation.

11. The Inspector was previously provided with an invoice issued by Rose & Thistle to Dupont Developments in the amount of \$565,339.34. This invoice, which is attached as Appendix "E", includes an entry for construction management services in the amount of \$175,300.30. The invoice states that the construction management fee was "10% of hard costs" which appears to imply that Rose & Thistle had supervised construction that cost approximately \$1.75 million.

12. The Inspector also received a general ledger for Dupont Developments on October 24, 2013. The general ledger shows capitalized expenses of approximately \$248,000, construction in progress of \$36,000 and various consulting fees of approximately \$563,000.

13. Based on the foregoing, it appears that Dupont Developments' construction budget (which is out of date), its general ledger (which was updated before being provided to the Inspector) and invoice from Rose & Thistle all show different construction expenditures in respect of the Dupont Project.

14. It also does not appear that Rose & Thistle is maintaining project budgets on an ongoing basis to track expenses and measure construction costs against the *pro forma* statement prepared when the property at 1485 Dupont was purchased.

C. Requests for further information

15. Before attending at Rose & Thistle's office on October 28, 2013, Mr. Schonfeld e-mailed Ms. Walton to ask her to instruct Rose & Thistle's employees to extend their co-operation to the Inspector. Mr. Schonfeld's e-mail is attached as Appendix "F".

16. On October 28, 2013, the Inspector re-iterated its request for the documents underlying Rose & Thistle's invoices to the Companies, including construction budgets. These budgets should list each expense incurred by or on behalf of each Company in connection with the construction or renovation of the various Properties. Detailed construction budgets will significantly streamline the Inspector's review because the Inspector should be able to verify each item of the budget against appropriate documentation such as third party invoices, payroll records and contracts.

17. Both Mr. Bucci and Mr. Goldberg advised Mr. Schonfeld that Ms. Liu was responsible for maintaining construction budgets at Rose & Thistle and that Ms. Liu was also familiar with the documents underlying these budgets. Ms. Liu advised the Inspector that she would begin to provide the requested documents on Tuesday October 29, 2013.

18. Mr. Schonfeld returned to Rose & Thistle's offices on Tuesday October 29, 2013 but was not provided with the requested documents. At 2:02 p.m. on October 29, 2013, Ms. Liu e-mailed Mr. Schonfeld and advised that the documents would not be provided until the end of the week:

Harlan, I am sorry, we got few emergencies with project deadline of Nov. 1. I will definitely get the information you need by end of week. Sorry.

19. Mr. Merryweather forwarded Ms. Liu's e-mail to Ms. Walton to advise her that the Inspector had not received the requested documents. Ms. Walton responded as follows:

Thanks for keeping me in the loop. Yvonne works hard and I know she is busy right now. She always delivers so I'm sure she'll get you what you need in the timeline she's indicated.

20. The e-mail chain between Ms. Liu, Mr. Merryweather and Ms. Walton is attached as Appendix "G". Ms. Liu provided one construction budget on October 30, 2013.

21. On October 30, 2013, Mr. Schonfeld e-mailed Mr. Bucci to request access to the construction budgets in an “as is” condition. Mr. Bucci advised that he did not have access to construction files but had passed the request on to Ms. Liu. This e-mail exchange is attached as Appendix “H”.

22. Also on October 30, 2013, counsel to the Inspector wrote to counsel to the Respondents to advise that the Inspector had not yet received the backup documentation that it required and asking that further documentation be provided before this Second Report was finalized and filed. This e-mail is attached as Appendix “I”. On October 31, 2013, counsel to the Respondents replied to the Inspector’s inquiries and posed certain questions of the Inspector. This e-mail is attached as Appendix “J”. The Inspector is making best efforts to answer these questions.

IV. Interim relief granted October 25, 2013

23. The Inspector can advise as follows with respect to the interim relief set out in the Order of Justice Newbould dated October 25, 2013 (the “October 25 Order”):

- (a) **on-line access to bank accounts (paragraph 3(b)):** the Inspector was granted online access to the Company Accounts on October 28, 2013. The Inspector understands that access was granted to the Applicants at the same time. Meridian Credit Union (“Meridian”) subsequently froze the Company Accounts after receiving the October 25 Order. On-line access to the accounts was terminated when the accounts were frozen;
- (b) **no withdrawal or transfer from the Company Accounts without consent (paragraph 3(c))** the Inspector is not aware of any transfers from the Company Accounts without the Applicants’ consent;
- (c) **co-signing authority for a representative of the applicants (paragraph 3(d)):** the Inspector understands that Meridian has insisted on receiving corporate resolutions before adding the Applicants’ representative as a co-signor on the Company Accounts. Accordingly, the Applicants’ representative has not yet been added as a co-signor on the Company Accounts. The Inspector advised the Applicants’ counsel of this issue on October 29, 2013;

- (d) **continuation of ordinary course payments (paragraph 3(e)):** the Inspector is not aware of any diversion of payments from the Company Accounts; and,
- (e) **no steps in furtherance of any sale of Property (paragraphs 3(f)):** the Inspector understands that the sale of a Property at 1 Regalcrest Court in Vaughan, Ontario owned by Royal Gate Holdings Ltd was completed the week of October 28, 2013. The Inspector requested a Statement of Adjustments showing how the sale proceeds were directed. Attached hereto as Appendix "K" is the Statement of Adjustments provided to the Inspector by Mr. Goldberg.

V. Fees and disbursements of the Inspector and Goodmans LLP ("Goodmans")

24. Attached hereto as Appendix "L" is the Affidavit of Mr. Schonfeld sworn October 31, 2013, attesting to the fees and disbursements of the Inspector for the period from October 22, 2013 to October 30, 2013 in the amount of \$34,281.38 inclusive of HST. The Inspector's account for fees and disbursements totalling \$58,451.97 for the period from October 4, 2013 to October 20, 2013 was attached to the Affidavit of Mr. Schonfeld sworn October 21, 2013, which is attached as Appendix "R" to the First Report.

25. Attached hereto as Appendix "M" is the Affidavit of Fred Myers, a partner of Goodmans, attesting to the fees and disbursements of Goodmans to October 30, 2013.

26. The Inspector has received and reviewed Goodmans' invoice dated October 31, 2013 describing fees and disbursements in the amount of \$60,975.94 inclusive of HST. The Inspector confirmed that the fees and disbursements set out in Goodmans' invoice relate to advice sought by the Inspector and that, in the Inspector's view, Goodmans' fees and disbursements are reasonable.

VI. Conclusions and recommendation

27. For the reasons set out in this report, the Inspector respectfully requests an Order:

- (a) approving the fees and disbursements of the Inspector and Goodmans and providing that, upon approval, the Inspector's fees shall be paid by the Respondents in accordance with the Appointment Order; and,

(b) approving the activities of the Inspector described in this report.

All of which is respectfully submitted this 31st day of October, 2013.

Schonfeld Inc.

In its capacity as Inspector pursuant to section 161(2) of the *Business Corporations Act* (Ontario)

Per: _____

Harlan Schonfeld CPA·CIRP

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investments Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Ltd.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE “B” COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Inc.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen’s Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Development Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.

Dr. Bernstein / Rose & Thistle cash transfers and billing summary
From Inception to October 28, 2013

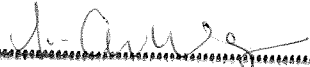
Appendix A

Company	Transfer to R&T	Transfer from R&T	Transfers to (from) R&T	Management Fees	Maintenance Fees	Construction Project Mgmt	HST on R&T Fees	Total Billings	Net After Billings
Ascalon	813,040	(409,418)	403,622	0	(50,000)	(930,109)	(113,603)	(1,093,711)	(690,090)
Bannockburn	4,151,500	(4,412,305)	(260,805)	0	(52,500)	(1,791,050)	(239,661)	(2,083,211)	(2,344,016)
Cityview	848,050	(954,100)	(106,050)	(6,750)	(43,750)	(295,000)	(44,915)	(390,415)	(496,465)
Dewhurst	801,900	(151,000)	650,900	0	(11,000)	(60,000)	(9,230)	(80,230)	570,670
Donalda	5,741,860	(4,650,150)	1,091,710	(200,000)	(250,000)	(1,841,380)	(297,879)	(2,589,259)	(1,497,549)
Double Rose	2,992,450	(916,450)	2,076,000	(67,004)	(146,875)	(475,000)	(89,554)	(778,433)	1,297,567
Dupont	1,007,912	(1,150,550)	(142,638)	(9,867)	(159,375)	(500,300)	(87,040)	(756,582)	(899,220)
Eddystone	1,070,550	(132,900)	937,650	0	(11,000)	(227,500)	(31,005)	(269,505)	668,145
Fraser Lands	340,100	(177,250)	162,850	(6,584)	(26,250)	(227,500)	(33,843)	(294,178)	(131,328)
Fraser Properties	10,286,450	(1,267,950)	9,018,500	(66,461)	(140,000)	(1,192,500)	(181,865)	(1,580,826)	7,437,674
Global Mills	2,052,950	(1,940,950)	112,000	(167,656)	0	(150,000)	(41,295)	(358,952)	(246,952)
Hidden Gem	1,152,950	(1,055,875)	97,075	(7,200)	(63,000)	(700,000)	(100,126)	(870,326)	(773,251)
Leslie Holdings	2,237,160	(1,133,698)	1,103,462	(52,195)	(144,500)	(415,000)	(79,520)	(691,215)	412,247
Leslie Lands	40,400	(186,372)	(145,972)	0	(41,250)	(220,000)	(33,963)	(295,213)	(441,184)
Liberty Land	157,789	(588,014)	(430,225)	0	(21,000)	(250,000)	(35,230)	(306,230)	(736,455)
Liberty Properties	6,194,550	(4,885,264)	1,309,286	(65,879)	(140,000)	(2,561,500)	(359,759)	(3,127,138)	(1,817,852)
Northern Dancer	1,502,837	(1,875,850)	(373,013)	0	(21,000)	(250,000)	(35,230)	(306,230)	(679,243)
Queen's Corner	1,538,300	(1,494,800)	43,500	0	0	(1,175,000)	(152,750)	(1,327,750)	(1,284,250)
Red Door Dev	2,793,800	(567,862)	2,225,938	(8,207)	(52,500)	(2,238,436)	(298,889)	(2,598,032)	(372,094)
Red Door Lands	472,500	(56,550)	415,950	(4,420)	(15,000)	0	(2,525)	(21,945)	394,005
Richmond Row/165 Bathurst	802,324	(466,074)	336,250	(12,774)	(22,500)	(30,000)	(8,486)	(73,760)	262,490
Riverdale	1,759,800	(806,700)	953,100	0	(60,000)	(269,019)	(38,884)	(367,903)	585,197
Royal Agincourt	5,265,800	(4,418,550)	847,250	(81,550)	(210,000)	(508,100)	(103,955)	(903,605)	(56,355)
Royal Gate Holdings	1,338,600	(935,000)	403,600	(49,893)	(46,750)	(2,130,000)	(289,464)	(2,516,107)	(2,112,507)
Salmon River Prop	333,250	(92,650)	240,600	0	(25,000)	(88,500)	(14,755)	(128,255)	112,345
Skyway	307,450	(257,300)	50,150	(11,324)	(29,750)	(175,000)	(28,090)	(244,164)	(194,014)
Tisdale	252,261	(2,497,175)	(2,244,914)	0	0	(4,375,000)	(568,750)	(4,943,750)	(7,188,664)
Twin Dragon	6,471,711	(7,777,902)	(1,306,191)	(83,750)	(36,000)	(180,631)	(25,643)	(326,024)	(1,632,215)
West Mall	3,266,600	(1,593,370)	1,673,230	(64,433)	(189,000)	(125,000)	(49,196)	(427,630)	1,245,600
Weston Lands	3,450,975	(1,652,600)	1,798,375	0	(44,625)	(290,000)	(43,501)	(378,126)	1,420,249
Wynford	8,770,100	(5,456,725)	3,313,375	0	0	(3,945,741)	(512,946)	(4,458,687)	(1,145,312)
	78,215,918	(53,961,353)	24,254,565	(965,948)	(2,052,625)	(27,617,265)	(3,951,552)	(34,587,390)	(10,332,826)

B

This is Exhibit "B" referred to in the
 affidavit of S. Harlan Schonfeld
 sworn before me, this 21st
 day of March 20 19

Court File No.: CV-13-10280-00CL


 A COMMISSIONER FOR TAKING AFFIDAVITS

ONTARIO
SUPERIOR COURT OF JUSTICE
 (Commercial List)

B E T W E E N:

**DBDC SPADINA LTD., and
 THOSE CORPORATIONS LISTED ON
 SCHEDULE A HERETO**

Applicants

and

**NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE
 GROUP LTD. and EGLINTON CASTLE INC.**

Respondents

and

**THOSE CORPORATIONS LISTED IN SCHEDULE B, TO BE BOUND
 BY THE RESULT**

FOURTH INTERIM REPORT OF THE INSPECTOR, SCHONFELD INC.

I. Introduction

1. This is the Fourth Interim Report of Schonfeld Inc. (the “Inspector”) (the “Fourth Report”) in its capacity as inspector pursuant to subsection 161(2) of the *Business Corporations Act (Ontario)* and the Order of Justice Newbould dated October 4, 2013 (the “Appointment Order”).

2. The Inspector has previously filed its First Interim Report dated October 21, 2013 (the “First Report”), its Supplemental Report to the First Report dated October 24, 2013 (the “Supplemental Report”) on October 24, 2013, its Second Interim Report dated October 31, 2013 (the “Second Report”) and its Third Interim Report dated January 15, 2014 (the “Third Report”).

A. Purpose of this Report

3. The purpose of this Fourth Report is to advise this Honourable Court of the status of the Inspector’s investigation to date.

B. Status of the Investigation

4. Pursuant to the Appointment Order, the Inspector was authorized and directed to investigate a number of companies listed at Schedule “B” to the Appointment Order (the “Companies”). More specifically, the Inspector was directed to investigate and report to the Court upon the financial position of the Companies including, but not limited to:

- (a) the financial position of the Companies and the properties and projects that they each own (the “Properties”);
- (b) the equity and debt of the Companies including secured debt;
- (c) the revenues and expenses of the Companies;
- (d) any intercompany amounts owed by or to the Companies;
- (e) any related party transactions;
- (f) the acquisition, purchase, financing, management, development and operations of the Properties;

- (g) the results of tracing any amounts to and from the bank accounts of the Companies (the “Company Accounts”) and the bank accounts of Rose & Thistle Group Ltd. (“Rose & Thistle”) or any other accounts under Rose & Thistle’s control (the “Rose & Thistle Accounts”).

5. The Inspector’s investigation is not complete. In particular, the Inspector has not completed the tracing analysis described in paragraph 4(g) above. That analysis has, however, progressed to the point that, in the Inspector’s view, the findings to date should be reported to the parties and this Honourable Court.

C. Terms of reference

6. In preparing this report, the Inspector has relied upon documents and information provided to it by the parties and has not verified the authenticity or accuracy of these documents. The Inspector has assumed that the documents provided to it (other than the parties’ internal accounting records) are authentic and accurate. For example, the Inspector has assumed that documents purporting to be bank statements are true copies of statements provided by the relevant financial institution and that these statements accurately describe the transactions in the relevant accounts.

7. The Inspector has not performed an audit or other verification of the internal accounting documents provided to it by the parties. Some of the parties’ internal accounting records have been reconciled with the documents referenced in paragraph 6 above (including bank statements and government registrations) but the internal records remain subject to further verification once sufficient information is provided.

II. Tracing Analysis

8. The Inspector has previously reported that Rose & Thistle transferred approximately \$24.2 million (net) from the Company Accounts to the Rose & Thistle Account between September 2010 and October 2013. In support of these transactions, Rose & Thistle produced invoices totalling approximately \$30.6 million in respect of services allegedly provided to the Companies. Rose & Thistle subsequently withdrew some of these invoices and presently alleges that it invoiced the Companies for \$27,292,722 (including HST). Despite numerous requests, which are described in the Inspector’s First Report, Second Report and below, Rose & Thistle

did not provide evidence to support the majority of these billings. Accordingly, the Inspector expanded its work to include an analysis of funds transferred from Rose & Thistle to bank accounts controlled by the Respondents (the “Walton Accounts”). The Walton Accounts are identified in Appendix “B” to this Fourth Report, which is described below.

9. On February 21, 2014, counsel to the Inspector circulated a document prepared by the Inspector outlining the Inspector’s analysis of funds flowing to and from the Company Accounts to the Rose & Thistle Account and from the Rose & Thistle Account and the Walton Accounts.

10. The spreadsheet, which is referred to below as the “**Cash Transfer Analysis**” was circulated subject to the limitations noted in counsel’s email. Due to its size, it has been produced electronically as Appendix “A”. A summary version of the Cash Transfer Analysis, which shows the total amounts transferred to and from the Rose & Thistle Account to each Company Account and each Walton Account is attached as Appendix “B”.

11. Neither the Applicants nor the Respondents have challenged the accuracy of the Cash Transfer Analysis reflected in Appendices “A” and “B”.

12. In the First Report and Second Report, which are attached as Appendices “C” and “D” for ease of reference, the Inspector noted that funds deposited into Company Accounts were routinely transferred to the Rose & Thistle Account. Funds were also routinely transferred from the Rose & Thistle Account to the Company Accounts. In all, Rose & Thistle received a net transfer of \$23,680,852 from the Companies. That is, Rose & Thistle received approximately \$23.6 million more from the Companies than it transferred to the Companies. An updated chart showing cash transfers and billing between the Rose & Thistle Account and the Company Accounts is attached as Appendix “E”.¹

13. As is shown on the Cash Transfer Analysis, the Walton Accounts also routinely transferred funds to, and received transfers from, the Rose & Thistle Account. In total, the Walton Accounts received transfers totalling \$64,712,258 from the Rose & Thistle Account and transferred \$39,247,766 to the Rose & Thistle Account during the period examined. The Walton Accounts received a net transfer of \$25,464,492 from Rose & Thistle. That is, Rose & Thistle

¹ This chart is an updated version of the chart previously attached to First Report and Second Report.

transferred approximately \$25 million more to the Walton Accounts than it received from the Walton Accounts during the period examined.

B. Further tracing analysis

14. The Cash Transfer Analysis discussed above was used as the basis for a more detailed tracing of funds provided by the Applicants on a property-by-property basis. The Inspector has not traced every amount transferred from the Company Accounts to Rose & Thistle or from Rose & Thistle to the Company Accounts and/or Walton Accounts. At this stage, the Inspector has focused on the Applicants' largest advances to the Companies.

15. In a general sense, the Inspector:

- (a) identified the largest 53 advances by the Applicants to the Companies;
- (b) examined activity in the relevant Company Account immediately following each advance;
- (c) noted the transfer of funds from the relevant Company Account to the Rose & Thistle Account; and
- (d) examined the Rose & Thistle Account and noted activity following receipt of the funds transferred from the Company Account.

16. In all but two cases reviewed to date, a portion of those funds provided by the Applicants and deposited to the Company Accounts were immediately (on the same day and/or during the next few days) transferred from the relevant Company Account to the Rose & Thistle Account. In the two exceptions, all of the funds provided by the Applicants to the Company Account were used by the Company immediately.

17. Funds transferred into the Rose & Thistle Account were then used in one or more of the following ways:

- (a) Transferred to Walton Accounts;
- (b) Transferred to other Company Accounts; and

- (c) Used to make payments directly out of the Rose & Thistle account.

The accuracy with which a specific dollar contributed by the Applicants can be matched to a specific use depends primarily on the opening balance and the level of activity in the Rose & Thistle Account when the funds were transferred. When funds contributed to a Company were transferred into the Rose & Thistle Account, funds were also transferred into and/or out of the Rose & Thistle Account by or to other Companies or Walton Companies. In such cases, it is possible to trace funds out of the Rose & Thistle Account into accounts held by the Companies or the Walton Companies but it is not possible to match exactly the funds transferred out of the Rose & Thistle bank account to the funds transferred in as the funds have been comingled.

C. Tracing of significant advances

18. In order to illustrate the flow of funds between the Companies, Rose & Thistle and the Walton Companies, the Inspector² has, for the funds traced to date, prepared a series of flow of funds charts summarizing the use of funds paid to each Company, which are attached as Appendix “F”.

19. Each chart traces funds from the Applicants (referred to as Bernstein funds) to the relevant Company Account (referred to as Schedule B bank account) and then the portion of those funds that were transferred from the Company Account to the Rose & Thistle Account. A brief description of the major sources and uses of funds in the Rose & Thistle Account occurring during that time period is also provided.

D. Walton Properties

20. According to evidence given by Norma Walton in these proceedings, the Respondents are the beneficial owners of certain Companies (the “Walton Companies”) that own some of the properties (the “Walton Properties”) listed at Paragraph 3 of the Order of Justice Newbould dated

² The Appointment Order provides that the Inspector may employ agents to assist with its investigation. In order to accommodate the scope of the tracing exercise described in this Fourth Report and the ongoing demands of the Inspector’s other mandate as Manager of the Companies, the Inspector retained Duff & Phelps Canada Limited under the direction of Gary Moulton to assist with the preparation of this Report and the analysis underlying it. Jim Reitan and Angela Romanova, employees of the Applicants, also assisted with the analysis underlying this report (as is specifically permitted in the Appointment Order).

December 18, 2013 and attached as Appendix “G” (the “Walton Properties”)³. The Inspector has noted seven instances where:

- (i) funds were transferred from one or more Company Accounts to Rose & Thistle;
- (ii) then transferred by Rose & Thistle to a Walton Company; and
- (iii) the relevant Walton Company (or, in one case, Norma and Ronauld Walton personally) purchased a property shortly after the transfer of funds.

The Inspector does not have access to the Walton Accounts or sufficient information with respect how each of the purchases was funded to confirm how these funds were used.

a. Academy lands Ltd. (“Academy Lands”) – 2454 Bayview Avenue

21. As described below, funds totalling approximately \$1.6 million, primarily sourced from funds paid to the Companies by the Applicants which were transferred to the Rose & Thistle Account were transferred to Academy Lands. Shortly after these transfers, Academy Lands purchased a property at 2454 Bayview Avenue in Toronto, Ontario (“2454 Bayview”). These transfers are summarized below:

- (a) On December 6, 2011, the ending balance in the Rose & Thistle Account was \$97,880;
- (b) Between December 7, 2011 and December 12, 2011, the following transactions occurred:
 - (i) An amount of \$1,018,600 was transferred from Royal Agincourt’s Company Account to the Rose & Thistle bank account. (See Appendix “F”, page 17) The Applicants had paid \$1,782,500 into the Royal Agincourt Company account as an equity investment on December 5, 2011;

³ The Respondents deny having an interest in certain Schedule “C” properties.

- (ii) On December 8, 2011 the Applicants made a mortgage advance of \$706,050 to Tisdale Mews Inc. ("Tisdale"). This advance was deposited into the Company Account belonging to Tisdale and then transferred in its entirety to the Rose & Thistle Account on December 8, 2011 (See Appendix "F", page 18);
 - (c) On December 12, 2011, an amount of \$1,600,000 was transferred from the Rose & Thistle Account to Academy Lands;
 - (d) The Parcel Register for 2454 Bayview, which is attached as Appendix "H", indicates that Academy Lands purchased 2454 Bayview for \$8,000,000 on December 21, 2011 and a charge in the amount of \$6,200,000 was registered in favour of Business Development Bank of Canada.
22. A bank statement for the Rose & Thistle Account showing the activity during the period described above is attached as Appendix "I".

b. 1780355 Ontario Inc. ("178 Inc.")

23. As described below, funds totalling approximately \$937,000, primarily sourced from funds paid to the Companies by the Applicants which were transferred to the Rose & Thistle Account, were transferred to 178 Inc. Shortly after this transfer, Ronauld and Norma Walton purchased a property at 346 Jarvis in Toronto, Ontario ("346 Jarvis"). These transfers are summarized below:

- (a) On April 15, 2013, the opening balance in the Rose & Thistle account was \$2,437;
- (b) Also on April 15, 2013, \$1,286,000 paid by the Applicants as an equity investment in Dewhurst Developments Ltd. ("Dewhurst") was deposited into the Company Account belonging to Dewhurst. This deposit was immediately followed by a transfer of \$641,500 to the Rose & Thistle Account (Appendix "F", page 49);

- (c) Also on that date, \$1,452,810 from the Applicants for equity investment in Eddystone Place Inc. (“Eddystone”) was deposited to the Company Account for Eddystone. Immediately after this deposit, \$866,700 was transferred from Eddystone’s Company Account to the Rose & Thistle Account. (Appendix “F”, page 50).

24. These transfers into the Rose & Thistle Account brought the balance to \$1,510,237. Rose & Thistle then transferred \$937,000 to 178 Limited. As is shown on the parcel register attached as Appendix “J”, 346 Jarvis was purchased by Ronauld Walton and Norma Walton for \$936,000 on April 15, 2013.

25. A bank statement for the Rose & Thistle Account showing the activity during the period described above is attached as Appendix “K”.

c. College Lane Ltd. (“College Lane”) – 14 College Street

26. As described below, funds totalling approximately \$330,750, primarily sourced from funds paid to the Companies by the Applicants which were transferred to the Rose & Thistle Account on June 30, 2011, were transferred to College Lane. Shortly after this transfer, College Lane purchased a property at 14 College Street in Toronto, Ontario (“14 College”). These transfers are summarized below:

- (a) The opening balance in the Rose & Thistle Account on June 30, 2011 was \$18,266;
- (b) On June 24, 2011, the Applicants made a \$300,000 mortgage advance to Bannockburn Lands Inc. These funds were deposited into Bannockburn’s Company Account. On June 30, 2011, \$220,650 was transferred from Bannockburn’s Company Account to the Rose & Thistle Account;
- (c) On June 27, 2011, Applicants’ funds of \$250,000 for a mortgage advance to Twin Dragons were deposited to the Company Account for Twin Dragons. (Appendix “F”, page 8) On June 30, 2011, \$223,150 was transferred from the Twin Dragons Company Account to the Rose & Thistle Account;

- (d) On June 27, 2011, Applicants' funds of \$470,473 for equity investment in Riverdale were deposited to the Schedule B bank account for Riverdale. (Appendix "F", page 6) On June 29, 2011, \$50,000 was transferred from Riverdale's Company Account to the Rose & Thistle Account. On June 30, 2011, \$41,350 was transferred from Riverdale's Company Account to the Rose & Thistle bank account;
- (e) On June 27, 2011, Applicants' funds of \$125,000 for a mortgage advance on Wynford Professional Centre Limited ("Wynford") were deposited to the Company Account for Wynford. On June 30, 2011, \$56,550 was transferred from Wynford to the Rose & Thistle account;
- (f) On June 30, funds were transferred from Walton Companies totalling \$216,250 to Rose & Thistle (Cecil Lighthouse Ltd. \$185,250 and Handy Home Products \$31,000).

27. Also on June 30, 2011 several transfers out occurred to various Companies and Walton Companies, including \$330,750 transferred from Rose & Thistle to College Lane. On July 5, 2011, 14 College Street was purchased by College Lane for \$5,600,000 and a mortgage in the amount of \$5,500,000 was registered. A parcel register with respect to 14 College is attached as Appendix "L".

28. A bank statement for the Rose & Thistle Account showing the activity during the period described above is attached as Appendix "M".

d. Gerrard House Inc. ("Gerrard House") – 26 Gerrard Street

29. As described below, it appears that funds totalling approximately \$371,200, primarily sourced from funds paid to the Companies by the Applicants which were transferred to the Rose & Thistle Account on December 20, 2011 were transferred to Gerrard House. Shortly after this transfer, Gerrard purchased a property at 26 Gerrard Street in Toronto, Ontario ("26 Gerrard"). These transfers are summarized below:

- (a) On December 20, 2011, the opening balance in the Rose & Thistle Account was \$40,369;

- (b) On December 20, 2011, Applicants' funds of \$278,253 for a mortgage advance to Liberty Village Properties Ltd. ("Liberty Village Properties") were deposited into the Liberty Village Properties Account. On the same day, \$278,200 was transferred to the Rose & Thistle Account (Appendix "F", page 19);
- (c) On December 20, 2011, Applicants' funds of \$39,926 for a mortgage advance were deposited to the Company Account belonging to Riverdale. On the same day, \$39,900 was transferred from Riverdale's Company Account to the Rose & Thistle Account;
- (d) On December 20, 2011, Applicants' funds of \$120,455 for a mortgage advance to Wynford were deposited to the Schedule B bank account for Wynford. On the same day, \$120,400 was transferred to the Rose & Thistle Account (Appendix "F", page 20).

30. On December 20, 2011, \$371,200 was transferred from the Rose & Thistle Account to Gerrard House. The parcel register for 26 Gerrard, which is attached as Appendix "N", indicates that 26 Gerrard was transferred to Gerrard House on December 20, 2011 for \$5,500,000 and two charges were registered totalling \$4,950,000.

31. A bank statement for the Rose & Thistle Account showing the activity during the period described above is attached as Appendix "O".

e. 6195 Cedar Street Ltd. ("Cedar") - 2 Kelvin Street

32. As described below, funds totalling approximately \$221,000, primarily sourced from funds paid to the Companies by the Applicants which were transferred to the Rose & Thistle Account on April 17, 2012, were transferred to Cedar. Shortly after this transfer, Cedar purchased a property at 2 Kelvin Street in Toronto, Ontario ("2 Kelvin"). These transfers are summarized below:

- (a) On April 17, 2012, the opening balance in the Rose & thistle account was \$10,285;

- (b) On April 17, 2012, Applicants' funds of \$700,000 for equity investment were deposited to the Company Account for Fraser Lands Ltd ("Fraser"). On the same day \$700,000 was transferred from the Company Account for Fraser to the Rose & Thistle Account (Appendix "F", page 25).

33. Also on April 17, 2012, \$221,000 was transferred from the Rose & Thistle Account to Cedar. On April 17, 2012, 2 Kelvin Street was purchased by Cedar for \$1,800,000 and a mortgage was registered in the amount of \$1,440,000. A parcel register in respect of 2 Kelvin Street is attached as Appendix "P".

34. A bank statement for the Rose & Thistle Account showing the activity during the period described above is attached as Appendix "Q".

f. United Empire Lands ("United Empire") – 3270 American Drive

35. As described below, it appears that funds totalling approximately \$1,032,000, primarily sourced from funds paid to the Companies by the Applicants which were transferred to the Rose & Thistle Account on March 8, 2013, and transferred to United Empire. Shortly after these transfers, United Empire purchased a property at 3270 American Drive in Toronto, Ontario ("3270 American"). These transfers are summarized below:

- (a) On March 7, 2013, the Applicants paid \$1,649,063 as an equity investment in West Mall Holdings Ltd. ("West Mall"). These funds were deposited into West Mall's Company Account. On March 7 and 8, 2013, \$1,649,050 was transferred to the Rose & Thistle Account, in individual transfer amounts of \$197,050, \$420,000 and \$1,032,000;
- (b) On March 8, 2013, the opening balance in the Rose & Thistle account was \$25,748. Following the transfer of \$1,032,000 from West Mall, the balance was \$1,057,748;
- (c) On March 8, 2013, an amount of \$1,032,000 was transferred from Rose & Thistle to United Empire Lands.

36. On March 11, 3270 American Drive was purchased by United Empire Lands in the amount of \$6,700,000 and mortgages were registered in the amount of \$5,670,000. A parcel register in respect of 3270 American Drive is attached as Appendix “R”.

37. A bank statement for the Rose & Thistle Account showing the activity during the period described above is attached as Appendix “S”.

g. Ronauld and Norma Walton – 44 Park Lane Circle

38. Funds from the Applicants investment in Red Door were used to purchase a property at Park Lane Circle. The funding of this transaction has previously been described in the Affidavit of Jim Reitan sworn January 13, 2014, which is attached as Appendix “T”. The Inspector understands that the movement of funds described by Mr. Reitan is not contested, although the parties disagree as to the propriety of this movement. The Inspector expresses no opinion with respect to the latter issue.

III. Invoices provided by the Respondents

39. The Respondents assert that Rose & Thistle is entitled to payments totalling approximately \$27.2 million for services provided to, and expenses incurred on behalf of, the Companies and that they were entitled to transfer funds to themselves from the Companies to satisfy those debts.

40. Since October 2013, the Inspector has requested information with respect to, and documentary substantiation for, Rose & Thistle’s alleged entitlement. The Inspector’s requests are described at paragraph 15(b) of the First Report, paragraphs 15-22 of the Second Report and paragraphs 7 and 8 of the Third Report, which is attached as Appendix “U”.

41. The Inspector’s analysis of some of the outstanding invoices is described in the Third Report. More specifically, the Inspector identified:

- (a) approximately \$1 million in management fees charged to revenue producing Properties. These fees were calculated based on 4% of revenue, which is consistent with fees charged in the marketplace for similar services;

- (b) approximately \$2 million in maintenance fees that are purportedly charged to reimburse Rose & Thistle for the cost of providing maintenance employees to certain Properties. The Inspector has not been able to verify or reconcile the fees charged to costs actually incurred by Rose & Thistle or for any set mark-up on such costs;
- (c) approximately \$6.6 in invoices for “management fees” that appear to have been used by Rose & Thistle to draw out the Walton’s equity in two Companies. These invoices were reversed after the Inspector challenged the propriety of charging purported management fees to effect an equity distribution although the funds transferred to Rose & Thistle by the relevant entities were not returned.

42. After accounting for these amounts, more than \$20 million worth of invoices, most of which relate to construction services allegedly provided by Rose & Thistle to the Companies require documentary support that has not been provided. As is detailed in its Second Report, the Manager requested, among other documents, construction budgets describing what work was actually performed on each Property and the amount allegedly spent on that work. In her affidavit sworn October 31, 2013 and attached as Appendix “V”, Ms. Walton deposed that the Inspector had been provided with one construction budget and that “I am sending to the Inspector over the next three days all remaining budgets.” No further construction budgets have been provided.

43. The Respondents have advised that they retained third party quantity surveyors and have provided the documents relating to Rose & Thistle Invoices to these third parties. To date, the Inspector has received one report from Intrepid Quantity Surveying Inc. (“Intrepid”) with respect to the renovation of the Property at 32 Atlantic (the “Atlantic Report”). Intrepid has opined that the “work in place for the construction work is reasonable based on information and invoices received to substantiate the cost to date”. The Inspector is not in a position to comment on the accuracy of that opinion because, among other things, Intrepid’s opinion is based on its own site visits and inspections. These inspections and site visits occurred without the Manager’s participation.

44. The Inspector does note, however, that 32 Atlantic is unlikely to be a representative example of the work performed on the Properties. The owner of 32 Atlantic, Liberty Village Properties Inc. (“Liberty Village”) completed a full renovation of 32 Atlantic. Construction on a similar scale did not occur at most of the other Properties.

45. Ms. Walton has advised that a number of further reports have been prepared but the quantity surveyors that the Respondents retained will not release the reports because they have not been paid for their work. Accordingly, the Inspector remains unable to perform any meaningful analysis of the Respondents’ entitlement to the funds paid to Rose & Thistle by the Companies.

IV. Examination of Ms. Walton

46. By Order of Justice Newbould dated March 21, 2014, the Inspector was directed to examine the Respondents as a result of their non-payment of fees outstanding pursuant to the Order of Justice Newbould dated November 1, 2014. The Inspector began its examination of Ms. Walton on April 11, 2014 and adjourned the examination pending delivery by the Respondents of further documents. A transcript of this examination is attached as Appendix “W”.

All of which is respectfully submitted this 23rd day of April, 2014.

Schonfeld Inc.

In its capacity as Inspector pursuant to section 161(2) of the *Business Corporations Act* (Ontario)

Per: _____

Harlan Schonfeld CPA · CIRP

Twin Dragons - Tracing of Bernstein Funds October 18, 2010 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 18, 2010	\$1,120,500	→ \$1,120,500		
Oct 25, 2010 to Oct 29, 2010		\$(251,350) → \$251,350		Transfers into Rose & Thistle account from Schedule C companies amounted to \$32,050. Transfers out to Schedule C companies amounted to \$114,780.

Tisdale - Tracing of Bernstein Funds November 16, 2010 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	------------------------	----------------------------	---

Nov 16, 2010

\$2,000,000 → \$837,347

\$(808,250) → \$808,250

Transfers into the Rose & Thistle account were the \$808,250 from Tisdale and \$19,200 from Schedule C companies.

Transfers out to Schedule C companies amounted to \$729,775 including \$484,750 to shareholders.

Note: Dr. Bernstein mortgage was \$2,000,000, net amount of \$837,347 flowed through Tisdale bank account and \$808,250 transferred to Rose & Thistle

Bannockburn - Tracing of Bernstein Funds December 17, 2010 (Equity)

Date	Bernstein Funds	Walton Advocates	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	------------------	-------------------------	---

Dec 17, 2010

\$1,750,000 →

\$1,750,000

\$(628,630) → \$628,630

Transfers were made to various Schedule C companies, including payments totalling \$484,349 to 364808 Ontario Ltd.

Note: Dr. Bernstein cheque made payable to Walton Advocates and net amount of \$628,630 transferred to Rose & Thistle account

Wynford - Tracing of Bernstein Funds February 3, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Feb 3, 2011	\$1,700,000	→ \$1,700,000		Transfers from Schedule B companies to Rose & Thistle amounted to the \$392,150 transferred from Wynford.
Feb 4, 2011		\$(392,150)	→ \$392,150	Transfers to Schedule B companies amounted to \$61,450 to Twin Dragon. Transfers to Rose & Thistle from Schedule C companies amounted to \$123,800, including \$80,000 from shareholders and \$43,700 from Walton Advocates. Transfers to Schedule C companies amounted to \$419,338 including Highland Creek \$(176,900) and Front Church \$(71,300).

Bannockburn – Tracing of Bernstein Funds March 28, 2011(Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

March 28, 2011	\$171,370	→	\$171,370	Transfers from Schedule B companies to Rose & Thistle amounted to \$155,200 from Bannockburn. Transfers to Schedule B companies amounted to \$22,550. Transfers to Schedule C companies amounted to \$129,159.
			\$(155,200)	
			→	
			\$155,200	

Riverdale – Tracing of Bernstein Funds June 27, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27, 2011	\$470,473	→	\$470,473	Transfers into the Rose & Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350). Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home. Transfers out to Schedule B companies amounted to \$146,900. Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).
June 29, 2011			\$50,000	
June 30, 2011			\$41,350 → \$41,350 <u>\$(91,350)</u> → <u>\$91,350</u>	

Bannockburn– Tracing of Bernstein Funds **June 27, 2011 (Mortgage)**

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27 , 2011	\$300,000	—————→	\$300,000	Transfers into the Rose & Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350). Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home. Transfers out to Schedule B companies amounted to \$146,900. Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).
June 30, 2011		—————→	\$300,000 \$(220,650) —————→ \$220,650	

Twin Dragon– Tracing of Bernstein Funds June 27, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

June 27, 2011

\$250,000 → \$250,000

June 30, 2011

\$(223,150) → \$223,150

Transfers into the Rose & Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350).

Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home.

Transfers out to Schedule B companies amounted to \$146,900. Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).

Wynford– Tracing of Bernstein Funds June 27, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 27, 2011	\$125,000	→	\$125,000	Transfers into the Rose & Thistle account on June 30 from Schedule B companies amounted to \$541,700 including Bannockburn \$(220,650), Twin Dragon \$(223,150), Wynford \$(56,550) and Riverdale \$(41,350).
June 29, 2011			→	Transfers in from Schedule C companies amounted to \$216,250 including \$185,250 from Cecil Lighthouse and \$31,000 from Handy Home.
June 30, 2011			→	Transfers out to Schedule B companies amounted to \$146,900. Transfers out to Schedule C companies amounted to \$584,250 including College Lane \$(330,750) and Highland Creek \$(131,300).

Riverdale – Tracing of Bernstein Funds August 3, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	------------------------	----------------------------	---

August 3, 2011	\$250,000	→	\$250,000	Transfers from Schedule B companies to Rose & Thistle amounted to \$883,150, including Riverdale \$(246,550), Wynford \$(340,050) and Bannockburn \$(296,550).
August 5, 2011			\$(246,550) → \$246,550	Transfers to Schedule B companies amounted to \$39,550. Transfers from Schedule C companies to Rose & Thistle amounted to \$508,539. Transfers to Schedule C companies amounted to \$1,343,888, including 110 Lombard Avenue \$(418,450) and Plexor Plastics \$(423,000).

Bannockburn – Tracing of Bernstein Funds August 3, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
August 3, 2011	\$325,000	→	\$325,000	Transfers from Schedule B companies to Rose & Thistle amounted to \$883,150, including Riverdale \$(246,550), Wynford \$340,050 and Bannockburn \$(296,550).
August 5, 2011			\$(296,550) → \$296,550	Transfers to Schedule B companies amounted to \$39,550. Transfers from Schedule C companies to Rose & Thistle amounted to \$508,539.. Transfers to Schedule C companies amounted to \$1,343,888, including 110 Lombard Avenue \$(418,450) and Plexor Plastics \$(423,000).

Wynford – Tracing of Bernstein Funds August 3, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
August 3, 2011	\$350,000	→ \$350,000		Transfers from Schedule B companies to Rose & Thistle amounted to \$883,150, including Riverdale \$(246,550), Wynford \$340,050 and Bannockburn \$(296,550).
August 5, 2011		\$(339,650) →	\$339,650	Transfers to Schedule B companies amounted to \$39,550. Transfers from Schedule C companies to Rose & Thistle amounted to \$508,539..
August 8, 2011		\$(400) →	\$400	Transfers to Schedule C companies amounted to \$1,343,888, including 110 Lombard Avenue \$(418,450) and Plexor Plastics \$(423,000).

Liberty Village – Tracing of Bernstein Funds August 22, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Aug 22, 2011	\$1,851,434	→ \$1,851,434		Transfers to Rose & Thistle from Schedule B companies amounted to \$432,900 from Liberty Village.
Aug 22, 2011	\$246,736	→ \$246,736		Transfers from Rose & Thistle to Schedule B companies amounted to \$14,400.
Aug 23, 2011 to Aug 30, 2011			\$76,450	Transfers from Schedule C companies to Rose & Thistle amounted to \$46,100.
			\$34,000	Transfers to Schedule C companies amounted to \$380,750, including \$244,000 to Walton Advocates.
			\$2,400	
			\$18,000	
			<u>\$302,050</u>	
			<u>\$432,900</u>	

Note: \$1,851,434 deposited to Liberty Village Properties
\$ 246,736 deposited to Liberty Village Lands

Liberty Village – Tracing of Bernstein Funds September 6, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Sept 6, 2011	\$637,500	→	\$637,500	Transfers to Rose & Thistle from Schedule B companies amounted to \$697,100 from Twin Dragon \$(233,300) and Liberty Village \$(463,800). Transfers from Schedule C companies amounted to \$77,450. Transfers to Schedule B companies amounted to \$169,350 including \$151,900 to Twin Dragon. Transfers to Schedule C companies amounted to \$540,600, including \$193,450 to Highland Creek and \$109,900 to 1793530 Ontario Ltd.
			\$(463,800)	
			→	
			\$463,800	

Liberty Village – Tracing of Bernstein Funds October 6, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 6, 2011	\$890,195	→ \$890,195		Transfers from Schedule B companies to Rose & Thistle amounted to \$755,900, including \$750,000 from Liberty Village. Transfers from Schedule C companies amounted to \$30,571.
		\$(750,000)	→ \$750,000	Transfers to Schedule B companies amounted from Rose & Thistle amounted to \$193,055, including \$116,605 to Bannockburn.
				Transfers to Schedule C companies amounted to \$478,000, including Highland Creek \$(225,050).

Liberty Village – Tracing of Bernstein Funds November 8, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Nov 8, 2011	\$488,967	\$488,967 → \$488,967	→ \$488,950	Transfers into Rose & Thistle from Schedule B companies amounted to \$488,950 from Liberty Village. Transfers into Rose & Thistle from Schedule C companies amounted to \$200. Transfers to Schedule C companies amounted to \$81,800.

Royal Agincourt – Tracing of Bernstein Funds

December 5, 2011 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 5, 2011	\$1,782,500	—————→ \$1,782,500		
Dec 5, 2011		\$(675,000)	—————→ \$675,000	
Dec 6 , 2011		\$(18,050)	—————→ \$18,050	
Dec 7, 2011		\$(18,600)	—————→ \$18,600	
Dec 12, 2011		\$(1,000,000)	—————→ \$1,000,000	
Dec 13, 2011		<u>\$(20,000)</u>	—————→ <u>\$20,000</u>	
		<u>\$1,731,650</u>	—————→ <u>\$1,731,650</u>	

Transfer of \$1,000,000 on December 12, 2011 and a mortgage advance from Tisdale which was transferred to Rose & Thistle on December 8, 2011 were the primary sources of funds to fund a transfer of \$1,600,000 to Academy Lands on December 12, 2011.

Tisdale – Tracing of Bernstein Funds December 8, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 8, 2011	\$706,050	\$706,050		
		\$(706,050)	\$706,050	Transfer of \$1,000,000 on December 12, 2011 and a mortgage advance from Tisdale which was transferred to Rose & Thistle on December 8, 2011 were the primary sources of funds to fund a transfer of \$1,600,000 to Academy Lands on December 12, 2011.

Liberty Village – Tracing of Bernstein Funds December 20, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 20, 2011	\$278,253	\$278,253 \$278,253	\$(278,200) \$278,200	Transfers from Schedule B companies to Rose & Thistle amounted to \$439,950, including \$278,200 from Liberty Village and \$120,400 from Wynford. Transfers in from Schedule C companies amounted to \$16,924. Transfers out to Schedule C companies amounted to \$481,550, including \$371,200 to Gerrard House and \$110,350 to Academy Lands.

Wynford – Tracing of Bernstein Funds December 20, 2011 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Dec 20, 2011	\$120,455	\$120,455	\$120,400 \$120,400	Transfers from Schedule B companies to Rose & Thistle amounted to \$439,950, including \$278,200 from Liberty Village and \$120,400 from Wynford. Transfers in from Schedule C companies amounted to \$16,924. Transfers out to Schedule C companies amounted to \$481,550, including \$371,200 to Gerrard House and \$110,350 to Academy Lands.

Liberty Village – Tracing of Bernstein Funds January 5, 2012 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Jan 5, 2012

\$830,509 →

\$830,509

\$(680,600) → \$680,600

Transfers to Rose & Thistle from Schedule B companies amounted to \$742,390, including \$680,600 from Liberty Village.

Transfers from Schedule C companies amounted to \$80,000.

Transfers to Schedule B companies amounted to \$265,990, including \$145,440 to Twin Dragon.

Transfers to Schedule C companies amounted to \$493,800, including Cecil Lighthouse \$(156,300) and Highland Creek \$(104,350).

Ascalon – Tracing of Bernstein Funds January 25, 2012 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Jan 25, 2012	\$862,100	→	\$862,100	Transfers from Schedule B companies to Rose & Thistle amounted to \$507,040 of which \$503,090 was sourced from Ascalon. Total transfers from Schedule C companies to Rose & Thistle amounted to \$8,600 and total transfers from Rose & Thistle to Schedule C companies was \$203,290, including to the shareholders \$(46,100), MTCC No. 1037 \$(36,100) and Truman/RT Construction \$(24,800).
Jan 26, 2010 to Jan 30, 2010			\$(503,090) → \$503,090	

Liberty Village – Tracing of Bernstein Funds February 1, 2012 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Feb 1, 2012	\$884,950	→ \$884,950	→ \$179,000	Transfers to Rose & Thistle from Schedule B companies amounted to \$184,000, including \$179,000 from Liberty Village. Transfers from Schedule C companies amounted to \$65,495. Transfers to Schedule B companies amounted to \$141,700. Transfers to Schedule C companies amounted to \$105,900.

Hidden Gem – Tracing of Bernstein Funds April 5, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Apr 5, 2012	\$1,043,650	→	\$1,043,650	Rose & Thistle transferred the amount of \$250,800 to Fraser Properties.
			\$(250,800) →	Rose & Thistle transferred funds to Schedule B companies in the amount of \$452,150, including Wynford \$143,250, and Liberty Village \$163,500.
			<u>\$(792,800)</u> →	Schedule C companies transferred funds in the amount of \$6,850 to Rose & Thistle. Transfers out to Schedule C companies amounted to \$377,700, including Highland Creek \$(101,050) and Academy Lands \$(81,850).
			<u>\$1,043,600</u>	
			<u>\$792,800</u>	
			<u>\$1,043,600</u>	

Fraser – Tracing of Bernstein Funds
April 17, 2012 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Apr 17, 2012	\$700,000	\$700,000		
		\$(700,000)	\$700,000	Transfers into Rose & Thistle from Schedule B companies amounted to \$700,000 from Fraser and \$100,000 from Lesliebrook. Transfers in from Schedule C companies amounted to \$41,606. Transfers out to Schedule B companies amounted to \$299,550, including Twin Dragon \$(278,600). Transfers out to Schedule C companies amounted to \$481,110 including Walton Advocates \$(127,850) and 6195 Cedar Street \$(221,000).

Fraser – Tracing of Bernstein Funds April 23, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
April 23, 2012	\$1,491,426	→ \$1,491,426		Transfers into Rose & Thistle from Schedule B companies amounted to \$1,993,600 of which \$1,985,100 was from Fraser.
April 24, 2012	\$790,000	→ \$790,000	\$525,000	Transfers from Schedule C companies amounted to \$78,900.
April 25, 2012			\$1,156,950	Transfers out to Schedule B companies included Twin Dragon \$(388,850) and Liberty Village \$(174,000).
April 26, 2012			\$22,150	Transfers to Schedule C companies amounted to \$1,235,750, including Walton Advocates \$(761,600), Rememory Productions \$(123,400), Front Church \$(106,900).
			<u>\$281,000</u>	
			<u>\$1,985,100</u>	

Lesliebrook – Tracing of Bernstein Funds April 24, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Apr 24, 2012	\$1,200,528	→ \$1,200,528		Transfers from Schedule B companies to Rose & Thistle amounted to \$1,383,800, of which \$779,500 was from Fraser Properties and \$454,400 was from Lesliebrook.
May 2, 2012		\$ (253,400) →	\$253,400	Transfers from Rose & Thistle to Schedule B companies amounted to \$577,315 of which \$313,400 was to Lesliebrook.
May 3, 2012		\$ (141,000) →	\$141,000	Transfers to Rose & Thistle from Schedule C companies amounted to \$141,640 and transfers from Rose & Thistle to Schedule C companies amounted to \$662,885, including Plexor Plastics \$(113,260) and Walton Advocates \$(241,850).
		<u>\$ (60,000) →</u>	<u>\$60,000</u>	
		<u>\$ (454,400) →</u>	<u>\$454,400</u>	

Fraser – Tracing of Bernstein Funds May 2, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
May 2, 2012	\$987,165	→ \$987,165		Transfers in from Schedule B companies amounted to \$1,356,950 including \$886,100 from Fraser and \$394,400 from Lesliebrook.
May 3, 2012		\$ (134,000) →	\$134,000	Transfers in from Schedule C companies were \$412,014, including \$265,750 from Highland Creek.
May 4, 2012		\$ (361,700) →	\$361,700	Transfers out to Schedule B companies amounted to \$744,225, including \$170,400 to Bannockburn, \$313,400 to Lesliebrook, \$194,950 to Liberty Village Properties.
May 7, 2012		\$ (283,800) →	\$283,800	Transfers out to Schedule C companies amounted to \$669,685, including \$115,060 to Plexor Plastics and \$241,550 to Walton Advocates.
		\$ (106,600) →	\$106,600	
		\$ (886,100) →	\$886,100	

Fraser – Tracing of Bernstein Funds June 1, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 1, 2012	\$987,165	→ \$987,165		Transfers into Rose & Thistle from Schedule B companies amounted to \$1,090,889, including \$779,750 from Fraser.
June 5, 2012		\$ (525,000) → \$525,000 <u>\$ (254,250)</u> → <u>\$254,250</u> <u>\$ (779,750)</u> → <u>\$779,750</u>		Transfers into Rose & Thistle from Schedule C companies amounted to \$141,023. Transfers out of Rose & Thistle to Schedule B companies amounted to \$425,181. Transfers to Schedule C companies amounted to \$358,161, including Palmer Productions and 66 Gerrard Street.

Red Door – Tracing of Bernstein Funds June 15, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
June 15, 2012	\$2,320,963	→	\$2,320,963	Transfers into Rose & Thistle from Schedule B companies amounted to \$108,750 plus the Red Door funds.
June 15, 2012			\$ (75,000) →	Transfers into Rose & Thistle from Schedule C companies amounted to \$271,109.
June 18, 2012			\$ (574,500) →	Transfers out to Schedule B companies amounted to \$700,850.
June 21, 2012			\$ (500) →	Transfers out to Schedule C companies amounted to \$621,360, including \$146,400 to Front Church, \$111,250 to Palmer Productions and \$2,631,810 transferred to Norma Walton.
June 22, 2012			\$ (8,100) →	
June 25, 2012			<u>\$ (1,662,850)</u> →	
			<u>\$ (2,320,950)</u> →	

Fraser – Tracing of Bernstein Funds July 3, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
July 3, 2012	\$987,165	→	\$987,165	Transfers into Rose & Thistle from Schedule B companies amounted to \$1,037,100, including \$901,850 from Fraser.
July 4, 2012			→	Transfers in from Schedule C companies amounted to \$115,881.
			→	Transfers out to Schedule B companies amounted to \$200,073.
			→	Transfers out to Schedule C companies amounted to \$1,049,555, including \$983,475 to College Lane.

Queen's Corner – Tracing of Bernstein Funds July 5, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
July 5, 2012	\$357,465	\$357,465	\$357,465	Transfers into Rose & Thistle from Schedule B companies were \$386,250 of which \$357,350 was from Queen's Corner. Transfers in from Schedule C companies was \$41,550. Transfers to Schedule B companies included \$396,250 to Liberty Village Properties and \$173,200 to Twin Dragons. Transfers to Schedule C companies amounted to \$173,200.
		\$(357,465)	\$357,465	

Northern Dancer – Tracing of Bernstein Funds July 23, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jul 23, 2012	\$1,389,780	→	\$1,389,780	Transfers into the Rose & Thistle account from Schedule B companies amounted to \$1,391,887, including the transfers from Northern Dancer \$1,350,550. Transfers into the account from Schedule C companies amounted to \$27,330. Transfers out of the Rose & Thistle account to Schedule B companies amounted to \$800,800, including \$662,200 on July 25,2012 to Queen's Corner. Also a wire transfer to Stikeman Elliott in the amount of \$500,100 was made related to a deposit on the Donalda property.
Jul 23, 2012			\$(688,350) → \$688,350	
Jul 25, 2012			<u>\$(662,200)</u> → <u>\$662,200</u>	
			<u><u>\$(1,350,550)</u></u> → <u><u>\$1,350,550</u></u>	

Fraser – Tracing of Bernstein Funds July 31, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Jul 31, 2012	\$987,165	—————→	\$987,165	
Jul 31, 2012			\$(130,000)	—————→ \$130,000
Aug 1, 2012			<u>\$(664,850)</u>	—————→ <u>\$664,850</u>
			<u>\$(794,850)</u>	—————→ <u>\$794,850</u>

Following the deposit of \$664,850 from the Fraser account, \$215,050 was transferred to The Old Apothecary Building Inc. Other transfers into Rose & Thistle from Schedule B companies amounted to \$48,050 and transfers out of Rose & Thistle to Schedule B companies amounted to \$186,800. Other transfers into Rose & Thistle from Schedule C companies amounted to \$66,000 and transfers out of Rose & Thistle to Schedule C companies amounted to \$239,499.

Donalda – Tracing of Bernstein Funds August 23, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Aug 23, 2012	\$375,000	→ \$375,000		Transfers in from Schedule B companies were: Donalda \$375,000 Royal Agincourt 55,400 Fraser Land 26,650 Fraser Properties 9,950 Wynford <u>8,200</u> <u>\$475,200</u>
Aug 24, 2012		\$ (37,500)	→ \$37,500	Transfers in from Schedule C companies totalled \$4,950.
Aug 24, 2012		<u>\$ (337,500)</u>	→ <u>\$337,500</u>	Transfers out to Schedule B companies were: Twin Dragons \$203,050 Liberty Village Properties 54,800 Wynford <u>11,150</u> <u>\$269,000</u>
		<u>\$ (375,000)</u>	→ <u>\$375,000</u>	Transfers out to Schedule C companies were: 66 Gerrard \$44,150 Truman 37,250 Plexor 14,600 Other <u>39,700</u> <u>\$135,700</u>

Dupont – Tracing of Bernstein Funds September 4, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sep 4, 2012	\$2,500,313	→	\$2,500,313	Transfers from Schedule B companies to Rose & Thistle amounted to \$2,206,450, of which \$925,000 was from Dupont, \$798,750 from Fraser and \$106,450 from Twin Dragons.
Sep 4, 2012			\$800,000	Transfers to Schedule B companies amounted to \$1,772,450, of which \$800,000 went to Weston Lands, \$262,850 went to Liberty Village and \$222,800 went to Twin Dragons.
Sep 5, 2012			<u>\$125,000</u>	Transfers from Schedule C companies to Rose & Thistle amounted to \$388,300 and transfers to Schedule C companies amounted to \$586,200, of which \$85,150 went to Cecil Lighthouse and \$81,150 went to Norma Walton.
			<u>\$925,000</u>	

Cityview – Tracing of Bernstein Funds September 4, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	------------------------	----------------------------	---

Sept 4, 2012	\$991,875	→	\$991,875	Transfers from Schedule B companies to Rose & Thistle amounted to \$2,206,450, of which \$925,000 was from Dupont, \$798,750 from Fraser and \$106,450 from Twin Dragons.
Sept 5, 2012			\$(91,900) → \$91,900	

Transfers to Schedule B companies amounted to \$1,772,450, of which \$800,000 went to Weston Lands, \$262,850 went to Liberty Village and \$222,800 went to Twin Dragons.

Transfers from Schedule C companies to Rose & Thistle amounted to \$388,300 and transfers to Schedule C companies amounted to \$586,200, of which \$85,150 went to Cecil Lighthouse and \$81,150 went to Norma Walton.

Fraser – Tracing of Bernstein Funds September 4, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Sept 4, 2012	\$987,165	—————→ \$987,165		Transfers into Rose & Thistle amounted to \$2,575,550, including \$823,500 from Fraser, \$925,000 from Dupont, \$132,650 from Royal Agincourt and \$184,150 from Weston.
Sept 5, 2012			\$(776,600) —————→ \$776,600	
Sept 6, 2012			\$(22,150) —————→ \$22,150	Transfers in from Schedule C companies amounted to \$395,300.
			<u>\$(24,750)</u> —————→ <u>\$24,750</u>	Transfers out to Schedule B companies amounted to \$2,045,800, including \$224,850 to Twin Dragon, \$100,750 to Red Door, \$280,550 to Liberty Village, \$206,000 to City View.
			<u>\$(823,500)</u> —————→ <u>\$823,500</u>	Transfers to Schedule C companies amounted to \$609,893, including \$143,550 to the Old Telegram Bldg and \$251,150 to Walton Advocates.

Weston Lands – Tracing of Bernstein Funds September 11, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Sep 11, 2012	\$2,135,375	→	\$2,135,375	Transfers in from Schedule B companies amounted to \$2,182,925 of which \$2,116,825 was transferred from Weston Lands. Total transfers in from Schedule C companies was \$46,950. Transfers to Schedule B companies amounted to \$1,210,250, of which \$1,016,250 was to Northern Dancer. Transfers to Schedule C companies amounted to \$1,023,675, of which \$223,950 was to Front Church and \$256,175 was to Highland Creek, \$253,125 on September 18, 2011. Also on September 18, 2011, Highland Creek made a mortgage payment in the amount of \$253,125 to Bernstein.
Sep 12, 2012 to Sep 28, 2012			→	
			\$2,116,825	

Double Rose – Tracing of Bernstein Funds (cont'd) October 1, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 1, 2012	\$3,325,875	\$3,325,875		Transfers from Schedule B
Oct 1, 2012		\$(696,825)	\$696,825	companies to Rose & Thistle were \$2,554,337, including
Oct 2, 2012		<u>\$(933,050)</u>	<u>\$933,050</u>	\$1,629,875 from Double Rose.
		<u><u>\$(1,629,875)</u></u>	<u><u>\$1,629,875</u></u>	Transfers from Schedule C companies were \$38,050.
				Transfers to Schedule B companies were \$2,359,362.
				Transfers to Schedule C companies were \$221,900.

Queen's Corner – Tracing of Bernstein Funds October 12, 2012 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

Oct 12, 2012	\$200,000	→	\$200,000	Transfers to Rose & Thistle from Schedule B companies were:	
			\$(200,000)	→	\$200,000

Donalda – Tracing of Bernstein Funds October 12, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Oct 12, 2012	\$750,000	→ \$750,000		
		\$(750,000)	→ \$(750,000)	
				Transfers in from Schedule B companies were:
				Donalda \$750,000
				Queen's Corner 200,000
				Wynford 120,000
				Other 48,550
				<u>\$1,118,550</u>
				Transfers in from Schedule C companies were nil.
				Transfers out to Schedule B companies were:
				Donalda \$1,070,000
				Other 50,100
				<u>\$1,120,100</u>
				Transfers out to Schedule C companies totalled \$14,800.

Salmon River – Tracing of Bernstein Funds November 13, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Nov 13, 2012	\$318,392	→ \$318,392		Transfers to Rose & Thistle from Schedule B companies amounted to \$250,150, from Salmon River. Transfers to Schedule B companies from Rose & Thistle were \$39,650, of which \$38,400 was to Tisdale. Transfers to Rose & Thistle from Schedule C companies was \$1,850 (Handy Home Products) and transfers to Schedule C companies amounted to \$233,850, of which \$152,950 went to Bible Hill Holdings Inc.
		\$(250,150)	→ \$250,150	

Donalda – Tracing of Bernstein Funds November 19, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Nov 19, 2012	\$474,000 →	\$474,000		Transfers in from Schedule B companies were:
				Donalda \$54,900
				Wynford <u>19,350</u>
				<u>\$74,250</u>
				Transfers in from Schedule C companies were \$1,650.
				Transfers out to Schedule B companies were \$7,300.
				Transfers out to Schedule C companies were \$68,600.

Donalda – Tracing of Bernstein Funds December 17, 2012 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	------------------------	----------------------------	---

Dec 17, 2012

\$2,100,000 → \$2,100,000

Dec 21, 2012

\$(2,100,000) → \$2,100,000

Transfers from Schedule B companies to Rose & Thistle amounted to \$2,247,450, of which \$2,100,000 was from Donalda.

Transfers to Schedule B companies amounted to \$720,900, of which \$336,400 went to Wynford, and \$140,450 to Twin Dragon.

Transfers to Schedule C companies amounted to \$1,259,000, including \$650,000 to Norma Walton and \$470,050 to College Lane.

West Mall – Tracing of Bernstein Funds January 7, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Jan 7, 2013	\$600,000	\$600,000 \$600,000	\$(99,950) \$99,950	Transfers to Rose & Thistle from Schedule B companies amounted to \$262,500, consisting of Donalda \$(124,450), West Mall \$(99,950) and Fraser Properties \$(38,100). Transfers from Rose & Thistle to Schedule B companies amounted to \$100,300 from Dupont. Transfers from Rose & Thistle to Schedule C companies amount to \$88,900 including \$60,200 to 6195 Cedar Street.

West Mall – Tracing of Bernstein Funds February 13, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Feb 13, 2013	\$600,000	→ \$600,000	→ \$200,000	Transfers to Rose & Thistle from Schedule B companies amounted to \$213,350 of which \$200,000 was from West Mall. Transfers from Rose & Thistle to Schedule B companies amounted to \$236,250, including Bannockburn \$(82,500), Donalda \$(52,450), Twin Dragon \$(40,400) and Tisdale \$(32,000). Transfers from Schedule C companies to Rose & Thistle amounted to \$425,750, of which \$425,250 was from Cinderella Productions. Transfers to Schedule C companies from Rose & Thistle amounted to \$209,650.

West Mall – Tracing of Bernstein Funds March 7, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Mar 7, 2013	\$1,649,063	\$1,649,063		On March 7, 2013, transfers into the account from Schedule B companies were Queen's Corner (\$93,000 + \$106,950), and West Mall \$(420,000). Transfers into the account from Schedule C companies were Urban Amish \$(200), Handy Home Products \$(552.20) and The Old Telegram Building \$(800). Transfers out of the Rose & Thistle account to Schedule B companies totalled \$483,850, including \$296,200 to Wynford. Transfers out of the Rose & Thistle account to Schedule C companies totalled \$75,995, including \$26,800 to Front Church Properties and \$22,700 to Rose & Thistle Properties.
Mar 7, 2013		\$(420,000)	→ \$420,000	
Mar 8, 2013		\$(197,050)	→ \$197,050	
Mar 8, 2013		<u>\$(1,032,000)</u>	→ <u>\$1,032,000</u>	
		<u>\$(1,649,050)</u>	→ <u>\$1,649,050</u>	On March 8, 2013, transfers into the Rose & Thistle account from Schedule B companies were West Mall \$1,032,000 and \$197,050 and other Schedule B companies of \$86,650. Transfers out of the Rose & Thistle account to Schedule B companies were \$130,350. Transfers out to Schedule C companies were United Empire Lands Ltd. \$1,032,000. Transfers into Rose & Thistle from Schedule C companies were \$5,650.

Dewhurst – Tracing of Bernstein Funds April 15, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
Apr 15, 2013	\$1,286,000	→ \$1,286,000		Transfers from Schedule B companies to Rose & Thistle on April 15, 2013 amounted to \$1,519,550, of which \$866,700 was from Eddystone and \$641,500 was from Dewhurst.
Apr 15, 2013		→ \$(641,500)	→ \$641,500	Transfers to Schedule B companies amounted to \$75,500. Transfers from Schedule C companies to Rose & Thistle amounted to \$10,400. Transfers to Schedule C companies from Rose & Thistle amounted to \$1,194,900 consisting of 1780355 Ontario Ltd. \$(937,000), Plexor Plastics \$(111,550) and Norma Walton \$(110,000).

Eddystone – Tracing of Bernstein Funds April 15, 2013 (Equity)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	------------------------	----------------------------	---

Apr 15, 2013	\$1,452,810	→	\$1,452,810	Transfers from Schedule B companies to Rose & Thistle amounted to \$1,519,550, of which \$866,700 was from Eddystone and \$641,500 was from Dewhurst. Transfers to Schedule B companies amounted to \$75,500. Transfers from Schedule C companies to Rose & Thistle amounted to \$10,400. Transfers to Schedule C companies from Rose & Thistle amounted to \$1,194,900 consisting of 1780355 Ontario Ltd. \$(937,000), Plexor Plastics \$(111,550) and Norma Walton \$(110,000).
			\$(866,700) → \$866,700	

**Royal Gate – Tracing of Bernstein Funds
April 22, 2013 (Equity)**



April 22, 2013 \$3,462,957 —————> \$3,462,957

Note: No funds were transferred to Rose & Thistle as the funds were used to purchase the property.

Queen’s Corner – Tracing of Bernstein Funds May 6, 2013 (Mortgage)

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

May 6, 2013	\$340,000	→	\$340,000	During the period April 8, 2013 to April 15, 2013, transfers from Schedule B companies to Rose & Thistle amounted to \$2,282,500, including from Dewhurst \$(742,700), Eddystone \$(978,800), Queen’s Corner \$(221,250) and Riverdale \$(105,550). Transfers from Rose & Thistle to Schedule B companies amounted to \$443,850, including Tisdale (\$90,900) and Bannockburn \$(87,900).
			\$(283,850)	
			→	\$283,850

Transfers from Schedule C companies to Rose & Thistle amounted to \$149,900, including \$136,800 from Handy Home Products. Transfers from Rose & Thistle to Schedule C companies amounted to \$1,668,450, including 1780355 Ontario Inc. (\$939,450), Front Church \$(178,550), MTCC No. 1037 \$(121,300), Norma Walton \$136,900.

Richmond Row – Tracing of Bernstein Funds May 9, 2013

Date	Bernstein Funds	Schedule B Bank A/C	Rose & Thistle Bank A/C	Major Sources & Uses of Funds By Rose & Thistle
------	-----------------	---------------------	-------------------------	---

May 9, 2013	\$300,000 →	\$300,000		
May 9, 2013 to May 14, 2013		\$(299,850) →	\$299,850	
May 17, 2013	\$350,000 →	\$350,000		
		\$(200,000) →	\$200,000	

Transfers to Rose & Thistle from Schedule B companies amounted to \$566,350, of which \$499,850 was from Richmond Row. Transfers from Rose & Thistle to Schedule B companies amounted to \$250,050, of which \$115,450 was to Tisdale Mews and \$82,450 was to Bannockburn.

Transfers from Schedule C companies to Rose & Thistle amounted to \$197,150, including 1780355 Ontario Inc. \$(52,000), Corp. Comm \$(50,400) Handy Home Products \$(49,600) and 66 Gerrard \$(45,150). Transfers from Rose & Thistle to Schedule C companies amounted to \$327,350, including Front Church \$(152,450) Rose & Thistle properties \$(47,700), Plexor Plastics \$(33,600) and Gerrard House \$(30,000).

	MUNICIPAL ADDRESS	COMPANY	DEFINED TERM
1.]	32 Atlantic	Liberty Village Properties Ltd.	Liberty Village
2.	1 - 9/11 City View Drive	Cityview Industrial Ltd.	Cityview
3.	14 Dewhurst Boulevard	Dewhurst Developments Ltd.	Dewhurst
4.	1485 Dupont	Dupont Developments Ltd.Ft	Dupont
5.	153 Eddystone	Eddystone Place Inc.	Eddystone
6.	1185 Eglinton Avenue East	Bannockburn Lands Inc. (formerly Skyline – 1185 Eglinton Avenue Inc.)	Bannockburn
7.	7 - 15 Fraser	Fraser Properties Corp.	Fraser
8.	30 Fraser	Fraser Lands Ltd.	Fraser Lands
9.	65 Heward	Double Rose Developments Ltd.	Double Rose
10.	5770-5780 Highway 7	Royal Agincourt Corp.	Royal Agincourt
11.	47 Jefferson	Liberty Village Lands Inc.	Liberty Land
12.	450 Pape	Riverdale Mansion Ltd.	Riverdale
13.	875 Queen Street East	Red Door Developments Inc.	Red Door
14.	887 Queen Street East	Red Door Lands Ltd.	Red Door
15.	1003 Queen Street East	Queen's Corner Corp.	Queen's Corner
16.	140 Queen's Plate Drive	Northern Dancer Lands Ltd.	Northern Dancer
17.	1 & 20 Royal Gate Boulevard, Vaughan	Royal Gate Nominee Inc.	Royal Gate
18.	Parking for 1 and 20 Royal Gate Boulevard, Vaughan	Royal Gate (Land) Nominee Inc.	Royal Gate
19.	241 Spadina	Twin Dragons Corporation	Twin Dragon
20.	3765 St. Clair East	Ascalon Lands Ltd.	Ascalon
21.	295 The West Mall	West Mall Holdings Ltd.	West Mall
22.	78 Tisdale Ave.	Tisdale Mews Inc.	Tisdale

	MUNICIPAL ADDRESS	COMPANY	DEFINED TERM
23.	0 Trent Avenue	Salmon River Properties Ltd.	Salmon River
24.	14 Trent Avenue	Hidden Gem Development Inc.	Hidden Gem
25.	355 Weston	Weston Lands Ltd.	Weston Lands
26.	18 Wynford Drive	Wynford Professional Centre Ltd.	Wynford
27.	165 Bathurst Street and 620 Richmond Street West	165 Bathurst Inc.	Richmond Row
28.	1500 Don Mills Rd.	Donalda Developments. Ltd.	Donalda

6323581

3

SCC File No.: 38051

IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO)

B E T W E E N:

CHRISTINE DEJONG MEDICINE PROFESSIONAL CORPORATION

APPELLANT
(Respondent)

- and -

DBDC SPADINA LTD. and THOSE CORPORATIONS LISTED ON
SCHEDULE A HERETO

RESPONDENTS
(Appellants)

[Style of cause continued on Schedule A]

MEMORANDUM OF ARGUMENT
OF THE PROPOSED RESPONDENT PARTY, SCHONFELD INC., IN ITS CAPACITY
AS THE COURT-APPOINTED MANAGER OF THOSE COMPANIES LISTED ON
SCHEDULE “B” AND THOSE PROPERTIES LISTED ON SCHEDULE “C” HERETO
(Pursuant to Rules 18, 47 and 55-57 of the *Rules of the Supreme Court of Canada*)

GOODMANS LLP
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Tel: (416) 979-2211
Fax: (416) 979-1234

Mark Dunn
Email: mdunn@goodmans.ca

Carlie Fox
Email: cfox@goodmans.ca

Counsel for Schonfeld Inc.

GOLDBLATT PARTNERS
30 Metcalfe Street, Suite 500
Ottawa, Ontario

Tel: (613) 235-5327
Fax: (613) 235-3041

Colleen Bauman
Email: cbauman@goldblattpartners.com

Ottawa Agent for Schonfeld Inc.

PART I. CONCISE OVERVIEW AND STATEMENT OF FACTS.....	1
A. Overview.....	1
B. Statement of Facts.....	1
C. The Proceedings Below	5
D. The Outcome of this Appeal will affect the Manager’s Mandate.....	6
PART II. CONCISE STATEMENT OF THE QUESTIONS IN ISSUE.....	6
PART III. CONCISE STATEMENT OF ARGUMENT.....	6
A. Schonfeld’s Presence May Be Necessary in Order to Fully Inform the Court.....	6
B. Schonfeld has Actively Participated in these Proceedings	7
C. Schonfeld has an Interest in the Appeal and its Submissions will be Useful and Different.....	7
PART IV. SUBMISSIONS ON COSTS	8
PART V. ORDER SOUGHT	8
PART VI. TABLE OF AUTHORITIES.....	10
PART VII. STATUTORY PROVISIONS	10

PART I. CONCISE OVERVIEW AND STATEMENT OF FACTS

A. Overview

1. This is a motion by Schonfeld Inc. (“**Schonfeld**”), the court-appointed manager-receiver and Inspector pursuant to the *Business Corporations Act (Ontario)*, R.S.O. 1990 c.B-16 (“**OBCA**”), to be added as a party to the appeal. In the alternative, Schonfeld seeks leave to intervene in the appeal.

2. Schonfeld is the author of the tracing analysis that played a central role in the decisions of Newbould, J. (the “**Application Judge**”), Blair, J.A. (the author of the majority decision at the Ontario Court of Appeal) and Van Rensburg J.A. (the author of the dissenting opinion at the Ontario Court of Appeal). It has participated actively in all aspects of this proceeding since its appointment in October 2013.

3. Before the Application Judge and the Court of Appeal, Schonfeld took no position with respect to the legal dispute between the Appellants and the Respondents. Its submissions were limited to explanations of its investigation and analysis, primarily in response to questions from the bench. If Schonfeld is added as a party, or if leave is granted to intervene, its submissions will focus on answering any questions about its evidence and providing context with respect to how other stakeholders that are not before the Court may be affected by the outcome of the appeal.

B. Statement of Facts

(i) Schonfeld’s involvement in the proceeding

4. This proceeding was commenced in October 2013. Since that time, the parties have appeared before this Court more than 200 times. More than 50 orders and endorsements have been granted. Schonfeld Inc. has participated in virtually all of the court proceedings relating to this matter including the hearing before the Honourable Mr. Justice Newbould (the “**Application Judge**”) and the Court of Appeal.

Affidavit of S. Harlan Schonfeld sworn March 21, 2019 (the “**Schonfeld Affidavit**”) at paras. 2-3 and 31-33, Motion to be Added as a Respondent Party (“**Schonfeld’s Motion**”), Tab 2, p. 12-13 and 19

(i) *The investments at issue*

5. This proceeding began with a business relationship between Dr. Stanley Bernstein and Norma and Ronauld Walton (the “**Waltons**”). The Waltons operated a real estate business through numerous corporate vehicles, but the primary operating entity was The Rose & Thistle Group Inc. (“**Rose & Thistle**”).

Schonfeld Affidavit at para. 5, Schonfeld’s Motion, Tab 2, p. 13

6. Pursuant to a series of joint venture agreements (the “**Agreements**”), Dr. Bernstein and the Waltons were to each hold a 50% interest in the Schedule “B” Companies. Dr. Bernstein’s interest was held through a series of single purpose holding companies (collectively, “**Bernstein**” or the “**Applicants**”). Each of the Schedule “B” Companies was to own one real-estate property (the “**Schedule “B” Properties**”). Between 2010 and 2013, Dr. Bernstein invested approximately \$110 million in 34 Schedule “B” Companies through the Applicants.

Schonfeld Affidavit at para. 6, Schonfeld’s Motion, Tab 2, pp. 13-14

7. In addition to the Schedule “B” Properties, the Waltons were the beneficial owners of, or had an interest in, a separate portfolio of properties (the “**Schedule “C” Properties**”) that Dr. Bernstein did not invest in. The Waltons issued shares in the companies that owned the Schedule “C” Properties (the “**Schedule “C” Companies**”) to various individuals and entities (the “**Schedule “C” Investors**”). When Schonfeld was appointed, and during the first phase of this litigation, it did not know that there were third party investors in the Schedule “C” Companies.

Schonfeld Affidavit at para. 7, Schonfeld’s Motion, Tab 2, p. 14

8. The Appellants (the “**DeJongs**”) are Schedule “C” Investors. Through companies that they control, they invested in four of the 17 Schedule “C” Companies (the “**DeJong Companies**”).

Schonfeld Affidavit at para. 8, Schonfeld’s Motion, Tab 2, p. 14

(ii) *The Waltons' misuse of funds*

9. The Waltons were responsible for operating the Schedule “B” Properties and they controlled the Schedule “B” Companies’ bank accounts (the “**Schedule “B” Accounts**”). But they did not manage the Schedule “B” Companies’ financial affairs in the manner required by the Agreements. Instead, they transferred Dr. Bernstein’s investments in the Schedule “B” Companies, and any revenue derived from those companies, into Rose & Thistle’s bank account (the “**Rose & Thistle Account**”). From there, funds were transferred to other Schedule “B” Companies, Schedule “C” Companies and the Waltons’ personal accounts.

Schonfeld Affidavit at para. 9, Schonfeld’s Motion, Tab 2, p. 14

(iii) *Schonfeld’s Appointment*

10. Schonfeld was appointed Inspector pursuant to the OBCA and authorized to investigate the affairs of the Schedule “B” Companies on October 4, 2013.¹ Shortly after its appointment, Schonfeld discovered, among other things, the co-mingling of funds described above.

Schonfeld Affidavit at para. 10, Schonfeld’s Motion, Tab 2, pp. 14-15

11. On November 5, 2013, Schonfeld was appointed manager/receiver (in this capacity, the “**Manager**”)² to provide independent management to the Schedule “B” Companies in the interest of all stakeholders. On August 12, 2014, Schonfeld was appointed Manager of the Schedule “C” Companies.

Schonfeld Affidavit at para. 11, Schonfeld’s Motion, Tab 2, p. 15

¹ The Manager conducted some investigation and analysis prior to its appointment, pursuant to a contract with the Applicants.

² Although Schonfeld has been described throughout these proceedings as the Manager, its appointment order and mandate are based on the standard form receivership order.

(iv) *The Inspector's analysis*

12. As part of its investigation, the Inspector compiled a master spreadsheet containing all of the transfers between the Schedule "B" Companies, Schedule "C" Companies and the Waltons' personal accounts. Based on this analysis, the Inspector concluded that:

- (a) The Waltons directed transfers of \$23.6 million (net) from the Schedule "B" Companies' bank accounts to the Rose & Thistle Account during the period from October 2010 to October 2013. These transfers occurred on a regular and ongoing basis during the period examined; and
- (b) During the same period, the Waltons directed transfers of \$25.4 million (net) from the Rose & Thistle Account to the Schedule "C" Companies. These transfers also occurred on a regular and ongoing basis during the period examined.

Schonfeld Affidavit at paras. 13-14, Schonfeld's Motion, Tab 2, pp. 15-16

Second Interim Report of the Inspector being Exhibit "A" to the Schonfeld Affidavit, Schonfeld's Motion, Tab 2.A, p. 25

13. In addition, the Inspector conducted an analysis of how Bernstein's 53 largest contributions to the Schedule "B" Companies had been used by the Waltons (the "**Contribution Analysis**"). In all but two instances, funds invested by Bernstein in the Schedule "B" Companies transferred from the relevant Schedule "B" bank account to the Rose & Thistle Account within days of Bernstein's investment. Funds transferred into the Rose & Thistle Account were then used to make payments, transferred to other Schedule "B" Companies or to Schedule "C" Companies.

Schonfeld Affidavit at para. 17, Schonfeld's Motion, Tab 2, p. 16

Inspector's Fourth Report and Appendix F thereto, being Exhibit B to the Schonfeld Affidavit, Schonfeld's Motion, Tabs 2.B, p. 36

C. The Proceedings Below

14. The Applicants' claim for damages against the Schedule "C" Companies was heard on June 3, 2016 before the Application Judge. At that hearing, the Applicants relied primarily on the Inspector's tracing analysis as described above.

Schonfeld Affidavit at para. 27, Schonfeld's Motion, Tab 2, p. 18

15. By Reasons for Decision dated September 23, 2016, the Application Judge found (among other things) that the Schedule "C" Companies were not liable to Bernstein for knowing assistance in breach of fiduciary duty and knowing receipt of trust money. The Application Judge held (among other things) that the Inspector's analysis did not establish that funds from any particular Schedule "B" Company had been transferred to any particular Schedule "C" Company.

Schonfeld Affidavit at para. 28, Schonfeld's Motion, Tab 2, p. 18

16. Dr. Bernstein appealed the Application Judge's September 23 Order. By Reasons for Decision dated January 25, 2018 (the "**Appeal Reasons**"), Blair and Cronk, J.J.A. set aside parts of the September 23 Order. The majority decision of the Court of Appeal relied, in part, on the Inspector's Cash Transfer Analysis. Specifically, Justice Blair held that that analysis established a net outflow from the Schedule "B" Companies of \$23.6 million. Damages were awarded against the Schedule "C" Companies to Dr. Bernstein's companies in this amount, less certain deductions.

Schonfeld Affidavit at para. 29, Schonfeld's Motion, Tab 2, p. 19

17. Van Rensberg, J.A., writing in dissent, found that Dr. Bernstein's appeal should be dismissed as it related to his damage claim against the Schedule "C" Companies because, among other things, the Cash Transfer Analysis was "ill-suited" to establishing the liability of the Schedule "C" Companies.

Schonfeld Affidavit at para. 30, Schonfeld's Motion, Tab 2, p. 19

D. The Outcome of this Appeal will affect the Manager's Mandate

18. The Manager is presently holding \$2,637,720 in respect of the Schedule "C" Companies. A total of \$1,958,678³ of these funds relate to the DeJong Companies. This appeal will determine how these funds are distributed, and the Manager's mandate cannot be completed until such a determination is made.

Schonfeld Affidavit at paras. 34-35, Schonfeld's Motion, Tab 2, p. 20

PART II. CONCISE STATEMENT OF THE QUESTIONS IN ISSUE

19. Schonfeld respectfully submits that this motion raises the following issues for determination:

- (a) is the addition of Schonfeld as a respondent party necessary to enable this Court to adjudicate the questions in issue; or, in the alternative,
- (b) does Schonfeld have an interest in the appeal and will its submissions be useful and different from those of the parties such that it should be granted leave to intervene.

PART III. CONCISE STATEMENT OF ARGUMENT**A. Schonfeld's Presence May Be Necessary in Order to Fully Inform the Court**

20. Rule 18(5) provides that the Court or a judge may order that a party be added where, in the opinion of the Court or judge, such addition is necessary to enable the Court to adjudicate the questions in issue. This Court has held that a party ought to be added where its presence is "necessary, in the interests of justice, in order to inform the court fully."

³ These amounts do not include accrued interest on GICs, nor do they account for unpaid professional fees of the Manager and its counsel.

Alliance for Marriage and Family v. A. (A.), 2007 SCC 40 at para. 9, 3 S.C.R. 124

Canadian Pacific Ltd. v. Montreal Urban Community, 2001 SCC 74, [2001] 3 S.C.R. 426 at para. 5

21. Both the Application Judge at first instance and the Court of Appeal relied primarily on the evidentiary record compiled by Schonfeld. Before the Ontario Court of Appeal, Schonfeld was asked numerous questions about its investigation and analysis. This Honourable Court may similarly find the assistance of a neutral court officer useful in assessing the long and complex history of these proceedings.

22. In addition, not all of the stakeholders affected by the appeal will be before the Court. The DeJongs have an interest in four of 17 Schedule “C” Companies, and Schonfeld (in its role as Manager) may be able to provide useful context with respect to these other companies and how they may be affected by the appeal.

B. Schonfeld has Actively Participated in these Proceedings

23. This Court has observed that the addition of a party may be required in the interests of fairness where a party has been closely involved with the proceeding but has not been made a party to the appeal.

Canadian Pacific Ltd. v. Montreal Urban Community, 2001 SCC 74, [2001] 3 S.C.R. 426 at para. 5

24. Schonfeld has been involved in every phase of these proceedings. No party has ever questioned Schonfeld’s standing, and no objection was raised to its participation in the proceedings below. Schonfeld has an interest in this appeal because, among other things, the outcome will determine how the funds it is presently holding will be distributed.

C. Schonfeld has an Interest in the Appeal and its Submissions will be Useful and Different

25. In the alternative to being added as a respondent to this appeal, Schonfeld is seeking leave to intervene. Such relief has been granted to monitors in proceedings under the

Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36; which role is similar to that of Schonfeld in these proceedings.

AbitibiBowater Inc. Re, 2010 CarswellQue 8859 (S.C.C.)

26. As described above, Schonfeld's mandate is not complete and the outcome of this appeal will impact its management of not only the DeJong Companies, but of all Schedule "C" Properties. Schonfeld is uniquely positioned to provide this Court with submissions regarding its investigation and analysis that is pertinent to the issues relevant to the appeal.

27. If its motion is granted, Schonfeld will abide by any timelines set by this Court and will not delay the proceeding or cause prejudice to any party.

PART IV. SUBMISSIONS ON COSTS

28. Schonfeld submits that there should be no costs awarded for or against it in respect of this motion.

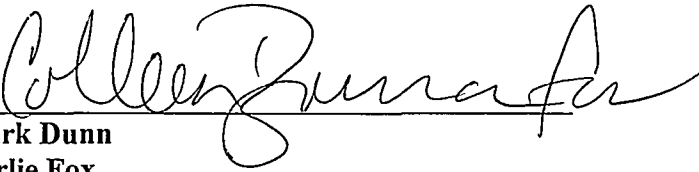
PART V. ORDER SOUGHT

29. Schonfeld respectfully requests that an Order be made, without costs, adding it as a respondent party to this appeal and amending the style of cause to show "Schonfeld Inc., in its capacity as Manager of the Companies listed on Schedule "B" hereto and of the Properties listed on Schedule "C" hereto" as "Respondent" with full rights to participate in this appeal, and an order that no costs be awarded against it on this motion.

30. In the alternative, Schonfeld requests an order granting it leave to intervene in the appeal and permitting Schonfeld to file a factum in the appeal of no more than 10 pages in length and permitting Schonfeld to present oral submissions of no longer than 10 minutes in length, and that no costs be awarded against Schonfeld on this motion or on the appeal itself.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 21st day of March, 2019.

SIGNED BY:

A handwritten signature in black ink, appearing to read "Mark Dunn", is written over a horizontal line.

Mark Dunn
Carlie Fox

Counsel for Schonfeld Inc.

PART VI. TABLE OF AUTHORITIES

Authority	Paragraph in Schonfeld's Memorandum of Argument
<i>Alliance for Marriage and Family v. A. (A.)</i> , 2007 SCC 40	20
<i>Canadian Pacific Ltd. v. Montreal Urban Community</i> , 2001 SCC 74, [2001] 3 S.C.R. 426	20, 23
<i>AbitibiBowater Inc. Re</i> , 2010 CarswellQue 8859 (S.C.C.)	25

PART VII. STATUTORY PROVISIONS

Legislation	Paragraph in Schonfeld's Memorandum of Argument
<i>Business Corporations Act (Ontario)</i> , R.S.O. 1990 c.B-16	1, 10

Ontario Statutes
Business Corporations Act
Part XIII — Investigation (ss. 161-167)

R.S.O. 1990, c. B.16, s. 161

s 161.

Currency

161.

161(1)Investigation

A registered holder or a beneficial owner of a security or, in the case of an offering corporation, the Commission may apply, without notice or on such notice as the court may require, to the court for an order directing an investigation to be made of the corporation or any of its affiliates.

161(2)Idem

Where, upon an application under subsection (1), it appears to the court that,

- (a) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person;
- (b) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised, in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards, the interests of a security holder;
- (c) the corporation or any of its affiliates was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose; or
- (d) persons concerned with the formation, business or affairs of the corporation or any of its affiliates have in connection therewith acted fraudulently or dishonestly,

the court may order an investigation to be made of the corporation and any of its affiliates.

161(3)Notice

If a registered holder or a beneficial owner of a security makes an application under subsection (1) and the corporation is an offering corporation, the applicant shall give the

Commission reasonable notice of the application and the Commission is entitled to appear and be heard in person or by counsel.

161(4) Security for costs not required

An applicant under this section is not required to give security for costs.

161(5) Closed hearing

The hearing of an application made without notice under this section shall be closed to the public.

161(6) No publication without consent

No person may publish anything relating to an application under this section except with the authorization of the court or the written consent of the corporation being investigated.

Amendment History

1994, c. 27, s. 71(19); 2006, c. 34, Sched. B, s. 33

Currency

Ontario Current to Gazette Vol. 152:09 (March 2, 2019)

4

SCC File No. 38051

IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO)

(On the day of , 2019)

BETWEEN:

CHRISTINE DEJONG MEDICINE PROFESSIONAL CORPORATION

APPELLANT
(Respondent)

- and -

DBDC SPADINA LTD. and THOSE CORPORATIONS LISTED ON
SCHEDULE A HERETO

RESPONDENTS
(Appellants)

[Style of cause continued on Schedule A]

ORDER

UPON MOTION made by Schonfeld Inc., the court appointed receiver/manager of the Companies listed on Schedule “B” (the “**Schedule “B” Companies**”) hereto and the Properties listed on Schedule “C” hereto (the “**Schedule “C” Properties**”), to be added as a respondent party in the within appeal bearing SCC File No. 38051;

AND THE MATERIAL FILED having been read, including the affidavit of S. Harlan Schonfeld sworn March 21, 2019;

1. **IT IS HEREBY ORDERED** that Schonfeld Inc., in its capacity as court appointed receiver/manager of the Schedule “B” Companies and the Schedule “C” Properties, be and is hereby added as a respondent party to the appeal bearing SCC File No. 38051;
2. **IT IS HEREBY FURTHER ORDERED** that the style of cause in the appeal bearing SCC File No. 38051 be and is hereby amended to show Schonfeld Inc., in its capacity as

the court appointed receiver/manager of the Schedule “B” Companies and the Schedule “C” Properties, as “Respondent”.

3. **IT IS HEREBY FURTHER ORDERED** that there shall be no costs of this motion.
-

SCHEDULE “A” COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investments Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen’s Corner Ltd.
14. DBDC Queen’s Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE “B” COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen’s Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.

- 32. Richmond Row Holdings Ltd.
- 33. El-Ad (1500 Don Mills) Limited
- 34. 165 Bathurst Inc.

SCHEDULE “C” PROPERTIES

1. 3270 American Drive, Mississauga, Ontario
2. 0 Luttrell Ave., Toronto, Ontario
3. 2 Kelvin Avenue, Toronto, Ontario
4. 346 Jarvis Street, Suites A, B, C, E and F, Toronto, Ontario
5. 1 William Morgan Drive, Toronto, Ontario
6. 324 Prince Edward Drive, Toronto, Ontario
7. 24 Cecil Street, Toronto, Ontario
8. 30 and 30A Hazelton Avenue, Toronto, Ontario
9. 777 St. Clarens Avenue, Toronto, Ontario
10. 252 Carlton Street and 478 Parliament Street, Toronto, Ontario
11. 66 Gerrard Street East, Toronto, Ontario
12. 2454 Bayview Avenue, Toronto, Ontario
13. 319-321 Carlaw, Toronto, Ontario
14. 260 Emerson Ave., Toronto, Ontario
15. 44 Park Lane Circle, Toronto, Ontario
16. 19 Tennis Crescent, Toronto, Ontario
17. 646 Broadview, Toronto, Ontario