

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY OF  
GALTY B.V.  
HAVING ITS HEAD OFFICE IN THE CITY OF AMSTERDAM, NETHERLANDS

SECOND REPORT TO THE COURT  
SUBMITTED BY MNP LTD.

OCTOBER 5, 2021

**I. INTRODUCTION**

1. On March 11, 2019, Galty B.V. (“**Galty**” or the “**Company**”) made an assignment in bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy the same day. MNP Ltd. (the “**Trustee**”) was appointed to act as Licensed Insolvency Trustee of Galty’s bankruptcy estate, subject to affirmation by the creditors at the First Meeting of Creditors.
2. On March 13, 2019, the Notice of Bankruptcy and First Meeting of Creditors (the “**Notice**”), a list of the creditors and a proof of claim form, along with a proxy were sent to all known creditors of Galty. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* (“**BIA**”), a Notice of Bankruptcy was published in the Friday, March 15, 2019, edition of the *Toronto Sun* newspaper. A copy of the Notice and Statement of Affairs (“**SOA**”) is attached as **Appendix “A”**.
3. The First Meeting of Creditors (the “**Meeting**”) was held on April 1, 2019 and was presided over by Sheldon Title. At the Meeting, the creditors resolved to affirm the Trustee’s appointment and to appoint five Inspectors. A copy of the minutes of the Meeting are attached as **Appendix “B”**.

4. The Inspectors consist of the following individuals:

Name	Representing
Ronald Chapman (“ <b>Chapman</b> ”)	Counsel to ART (as defined herein)
Anne Marie Heinrichs (“ <b>Heinrichs</b> ”)	AMI Business Solutions/Herself
Masiel Matus (“ <b>Matus</b> ”)	Counsel to La Houge Financial Management Services Corp, Pantrust International
Oliver Egerton-Vernon (“ <b>OEV</b> ”)	NV (as defined herein)
Maureen Ward (“ <b>Ward</b> ”)	Bennett Jones LLP (as creditor)

5. On February 27, 2020, the Trustee issued its first report (the “**First Report**”) in support of its motion to have the Court Order, *inter alia*, that Aird & Berlis LLP release to the Trustee an amount of \$591,503 (“**Net Sale Proceeds**”), representing the balance of funds in its trust account from the sale of real property formerly owned by Galty, less an amount of \$45,805.93 (“**Retained Funds**”) in satisfaction of that firm’s claim against the Company for fees owing. A copy of the First Report, without appendices, is enclosed as **Appendix “C”**.
6. On May 27, 2020, the Court ordered that Aird & Berlis LLP pay the Net Sale Proceeds less the Retained Funds to the Trustee.
7. The publicly available documents related to these proceedings are posted on the Trustee’s website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/galty-b-v> (the “**Case Website**”).

## II. PURPOSE OF THIS REPORT

8. This report is filed to:

- a) To provide the Court with information:
  - (i) relating to Galty's potential preferential payment in the amount of \$1.1 million (the "**Brazilian Trust Transfer**") to Galty Investments N.V. ("**NV**");
  - (ii) on the activities of the Trustee in administering Galty's bankruptcy estate since the First Report, particularly relating to it negotiating the terms of a settlement agreement the Trustee proposes to enter into with NV concerning the Brazilian Trust Transfer (the "**Proposed NV Settlement**");
  - (iii) relating to the results of an Inspectors meeting held on August 30, 2021 (the "**August 30<sup>th</sup> Meeting**") to consider the Proposed NV Settlement;
  - (iv) relating to certain Inspectors' involvement with NV and the potential conflict arising therefrom in voting on the Proposed NV Settlement; and
- b) Given the foregoing, to request the Court advise whether the decisions of the inspectors at the August 30<sup>th</sup> Meeting authorizing the Trustee to enter into the Proposed NV Settlement are valid, and/or to authorize and direct the Trustee to enter into the Proposed NV Settlement or provide such directions as it deems proper in substitution thereof.

## III. RESTRICTIONS

9. In preparing this Report and making the comments herein, the Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a

manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

#### **IV. BACKGROUND INFORMATION**

10. Galty was incorporated on July 31, 1979 as a limited liability company under the laws of the Netherlands and previously operated as a property investment, property rental and holding company. At the date of bankruptcy, the Company was involved in litigation (the “**Litigation**”) with The Avenue Road Trust (“**ART**”) and with La Houge Financial Management Services Corp. and Pantrust International (collectively “**LaHogue**”). The Litigation concerned respective claims by ART and LaHogue against the Company, NV and individuals and entities affiliated with them for multimillion dollar amounts claimed to be owing to each of ART and LaHogue. ART also relies in its claims on a partial assignment by LaHogue to ART of claims against the Company.
11. The Trustee has been advised by Galty’s designated officer, Harold Pothoven, that the Company’s bankruptcy was as a result of the ongoing legal costs associated with defending the Litigation.

#### **V. TRUSTEE’S ACTIVITIES**

12. Since filing the First Report, the Trustee’s activities include:
  - (v) attendance at Court on May 27, 2020;
  - (vi) updating the Case Website, as necessary;
  - (vii) review of proof of claims filed in Galty’s bankruptcy and communications with creditors relating thereto;
  - (viii) attendance at Inspectors meetings on September 25, 2020, February 25, 2021, August 10, 2021, and the August 30th Meeting;
  - (ix) as detailed further herein, with counsel’s assistance, reviewed, considered and disallowed ART’s proof of claim

- (x) review with Netherland-based accountants the need to file further corporate tax returns for Galty;
- (xi) discussions with counsel relating to, among other things, ART’s claim, the Proposed NV Settlement, and various other matters related to the administration of the estate;
- (xii) as detailed further herein, entered into without prejudice discussions with NV concerning potential resolutions of the potential preferential payment in NV’s favour arising from the Brazilian Trust Transfer; and
- (xiii) preparing this report.

**VI. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

13. The Trustee’s Interim R&D as at September 30, 2021, attached as **Appendix “D”**, reflects an excess of receipts over disbursements of \$499,654 (the “**Excess Funds**”).

**VII. CREDITOR CLAIMS**

14. The claims of creditors as per the Company’s sworn statement of affairs and the claims filed as at October 5, 2021 are summarized below:

	As per Statement of Affairs	Claims as Filed
Secured	\$ Nil	\$ Nil
Preferred	\$ Nil	\$ Nil
Ordinary Unsecured	\$ 21,400,488	\$ 25,079,500
Contingent	\$ 1	\$ Nil
	\$ 21,400,489	\$ 25,079,500

15. At this time, the Trustee has not made a final determination as to the admissibility of the proofs of claim for distribution purposes, however, as detailed below, has disallowed

ART's proof of claim. As detailed below, the Trustee has advised the Inspectors that based on its review, it has accepted NV's proof of claim.

### **Contingent Claim by ART**

16. On March 25, 2019, Chapman, as counsel for Victor M. Seabrook & Timothy Seabrook, Trustees of ART and Isobel R. Seabrook by her Litigation Guardian, Timothy Seabrook, filed an unsecured claim in Galty's bankruptcy. ART later filed a claim that it held a trust interest in the property of the Company for the amounts in the unsecured claim, which was subsequently disallowed by the Trustee and an appeal from the disallowance was abandoned.
17. On July 23, 2020, the Trustee's counsel advised Chapman that the Trustee had reviewed the documents in ART's unsecured proof of claim and requested further documents that may provide evidence in support of ART's claim.
18. On August 6, 2020, Chapman advised the Trustee's counsel that he would provide a response by August 13, 2020. Chapman provided further materials by way of an affidavit of Mr. Seabrook on August 14, 2020.
19. On August 30, 2020, Chapman notified the Trustee's counsel of the scheduling of examinations for discovery in November 2020 and advised that the examinations would be helpful to ART in respect of ART's claim against Galty. Chapman asked for the Trustee to defer making a determination of ART's claim pending the completion of the examination.
20. In February, 2021, the Trustee's counsel followed up with ART and asked that any further documentation be delivered by the end of February, 2021. Chapman responded on February 22, 2021 to advise that the examinations were still pending and that the examinations would provide further evidence of the monies owed to ART by Galty. The Trustee's counsel responded by advising that it was not prepared to wait for the further documents requested in connection with ART's claim due to the fact that, *inter alia*, considerable time had elapsed in respect of both the Litigation and the bankruptcy administration.

21. ART requested and received a two-week extension to submit further documentation to March 15, 2021. On March 23, 2021, ART submitted supplementary information to the Trustee.
22. On August 6, 2021, the Trustee issued a Notice of Disallowance to Chapman in respect of ART's proof of claim.
23. On September 3, 2021, Jaffe & Peritz LLP as agent for Chapman served an Appeal Record upon the Trustee's counsel in respect of the Notice of Disallowance.
24. Given the foregoing, ART's claim remains subject to determination by the Court.
25. Subsequent to the bankruptcy of the Company, ART has amended its Statement of Claim against the Company to also make claims against NV and persons related to it in respect of the Brazilian Trust Transfer.

#### **Galty Investments NV claim**

26. NV filed a proof of claim in the amount of \$20,679,439, which represents approximately 82% of the claims filed in the estate. NV's claim is comprised of a series of loans it advanced to Galty over time.
27. The Trustee has reviewed the proof of claim, which accords with Galty's records, and based on the information provided, has advised the Inspectors that it has accepted the proof of claim. The Trustee's determination of the NV claim is not subject to further review by the Court on the application of any creditors at this time.
28. NV advises that the Brazilian Trust Transfer was in partial satisfaction of amounts owing by Galty to NV.

#### **VIII. PAYMENT TO BRAZILIAN TRUST**

29. As noted in the First Report, the Trustee completed a limited review of the Company's books and records in order to identify any potential transfers at undervalue or preference payments. The scope of the review was limited to a review of Galty's bank statements for

the period between January 1, 2018 and March 11, 2019 (the “**Banking Records**”), a review of certain board of director meeting minutes and inquiries with management.

30. Other than the transaction noted in paragraph 31, the Trustee did not identify any noteworthy and material transactions from its review of the Banking Records.
31. Galty is owned by N.V. N.V. is owned by a Brazilian Trust. At a meeting of Galty’s directors, held on July 13, 2017, the Directors authorized Galty transferring the sum of \$1,100,000 from its bank account to the Brazilian Trust. As noted above, N.V. is Galty’s largest unsecured creditor and the transfer of \$1,100,000 to the Brazilian Trust was to be set off against the loan owing to NV. The monies used to fund payment of this transfer were derived from a corporate tax refund (associated with the taxes withheld by a non-resident on the sale of the Property) paid by Canada Revenue Agency on May 26, 2017 and deposited to Galty’s bank account on July 6, 2017. The payment to the Brazilian Trust occurred on July 14, 2017.
32. The Brazilian Trust Transfer, which resulted in payment to NV, constitutes a potential preferential payment made by Galty in NV’s favour.
33. The Trustee entered into discussions with representatives of NV regarding the possible resolution of any claims by the Trustee and/or the Company against NV arising out of, in relation to, or in connection with the Brazilian Trust Transfer.

## **IX. TOLLING AGREEMENT**

34. Due to the restrictions in Court activity during the state of emergency declared by the Province of Ontario resulting from the COVID-19 pandemic, the limitation periods in civil matters were suspended from March 16, 2020 to September 13, 2020, inclusively. The claim against NV may have therefore become statute barred on or around September 8, 2021.
35. The discussions with NV regarding a possible resolution of the Brazilian Trust Transfer became protracted and the Trustee and NV wished to defer any limitation periods to avoid



the necessity of engaging in litigation while the parties could pursue a potential resolution of the matter.

36. On March 1, 2021, with Inspector approval, the Trustee entered into a Tolling Agreement with NV that provided that the parties may terminate the Tolling Agreement by providing written notice to the other, in which case the Tolling Agreement shall be terminated on the thirtieth (30th) calendar day following the date on which such written notice was sent. Subject to the proceeding, the Agreement was to terminate on August 11, 2021.

37. The tolling agreement has since twice been extended, with the agreement scheduled to terminate on October 15, 2021.

## **X. PROPOSED NV SETTLEMENT**

38. As noted above, the Trustee and NV have engaged in without prejudice discussions that culminated in the Proposed NV Settlement, whereby N.V. would return to the estate the portions of the Brazilian Trust Transfer that would not have gone to N.V. in any event under a distribution to creditors. The mechanism for recovering the funds from NV would likely be by way of a deduction from its dividend. The Proposed NV Settlement is predicated on the Trustee's acceptance of NV's proof of claim. Correspondence with OEV on behalf of NV regarding the terms of the Proposed NV Settlement is attached as **Appendix "E"**.

39. The Trustee was of the view that the Proposed NV Settlement should be recommended to the Inspectors for the following reasons:

- (i) it avoids the necessity of further extending the Tolling Agreement;
- (ii) it avoids the costs of initiating litigation in Canada where there is risk that it would not succeed, and which if successful would then need to be enforced against NV in one or more foreign jurisdictions as NV has no assets in Canada; and
- (iii) given the extent of NV's claim, it is a pragmatic, cost-effective and efficient way of resolving a potential dispute and will contribute to a timelier completion of the bankruptcy administration.

## **XI. INSPECTORS MEETING TO CONSIDER PROPOSED NV SETTLEMENT**

40. The Proposed NV Settlement was presented to the Inspectors at the August 30<sup>th</sup> Meeting.
41. Prior to the August 30<sup>th</sup> Meeting, the Trustee circulated to all Inspectors an interim statement of receipts and disbursements and a table illustrating possible distribution scenarios to assist the Inspectors in better understanding the impact of the Proposed NV Settlement. A copy of that table is attached as **Appendix “F”**.
42. The August 30<sup>th</sup> Meeting was attended by Heinrichs, Matus and Ward; Chapman had also confirmed by email his availability to attend, but did not participate in the August 30<sup>th</sup> Meeting, despite an attempt by the solicitor for the Trustee to call him once the meeting had commenced and he was not present. OEV did not attend the meeting based on his conflict of interest in voting on this issue. Given that a majority of Inspectors was in attendance, a quorum was established.
43. After considering the Proposed NV Settlement, Heinrichs and Ward voted in favour of acceptance of the Proposed NV Settlement and Matus voted against the acceptance. Based on this vote, the motion carried. The Trustee’s minutes of that meeting are attached as **Appendix “G”**.

## **XII. POTENTIAL CONFLICT INTEREST**

44. As noted above, there are five Inspectors appointed to act in this estate. The agenda for the August 30<sup>th</sup> Meeting was limited to considering the Proposed NV Settlement. OEV was disqualified in voting on the issue by virtue of having a conflict in voting on the acceptance of the Proposed NV Settlement as a representative of NV.
45. Based on information available to the Trustee, Heinrichs is a beneficiary of the Brazilian Trust. The Brazilian Trust was the recipient of the Brazilian Trust Transfer, and accordingly, Heinrichs potentially has a conflict of interest in voting on the acceptance of the Proposed NV Settlement. The Trustee previously raised this with Heinrichs, who disagreed that she should be disqualified, in part by noting that all the inspectors are related to parties involved in the Litigation one way or the other. The Trustee has responded to

these explanations to note that adversity to the Company is not a disqualifying interest in the same manner as an interest in NV as a possible target of a claim by the Company.

### **XIII. ISSUES WITH THE AUGUST 30, 2021 VOTE OF INSPECTORS**

46. If Heinrichs is determined to be disqualified on voting on the Proposed NV Settlement, only Matus and Ward's votes should be counted in determining the outcome. In that case, there would be a tie vote with one in favour and one against.
47. Such a 1:1 tie vote could raise issues of whether there was a quorum of inspectors, given that there are five inspectors overall. The BIA does not define whether a quorum is of the total number of inspectors or, in the case of disqualification, whether it is of the inspectors not disqualified. This quorum issue, however, is resolved in this case by the provisions of subs. 117(2) of the BIA, which states that "In the event of an equal division of opinion at a meeting of inspectors, the opinion of any absent inspector shall be sought in order to resolve the difference, and in the case of a difference that cannot be so resolved, it shall be resolved by the trustee, unless it concerns his personal conduct or interest in which case it shall be resolved by the creditors or the court." The BIA would therefore require that Chapman's views on the vote be sought to break the tie.
48. On September 30, 2021, the Trustee's counsel sent an email (the "**September 30<sup>th</sup> Email**") to Chapman noting that "*Among the possible results here is that Anne Marie was not entitled to vote on the proposed settlement with Galty N.V., which would then mean that there was a 1:1 tie as between Maureen and Masiel among the inspectors who were at the Aug. 30 meeting. In that case, your opinion should be sought to break the tie even though you were not at the meeting (see s. 117(2) of the BIA). Could you therefore please advise what your opinion on the proposed settlement with Galty N.V is, please?*". On October 4, 2021, Chapman responded to the Trustee's counsel by acknowledging receipt of the September 30th Email by noting "*Please advise as to the terms of the settlement and I will seek instructions.*"
49. The Trustee's counsel promptly responded to Chapman by providing him with the proposed terms of settlement, which were previously provided to him on August 11, 2021

and also noting “*that your reference to seeking instructions is concerning. As noted in the Trustee’s First Report to the Court dated February 27, 2020, your appointment as inspector is in a personal capacity with fiduciary obligations to the entire group of creditors of the bankrupt and is not supposed to be on the basis of representing your client. This dynamic is all the more problematic because your client would be precluded from being an inspector himself by virtue of BIA s. 116(2) since he is involved in litigation against the estate.*” A copy of the September 30<sup>th</sup> Email and the email exchanges between Chapman and the Trustee’s counsel is attached as **Appendix “H”**.

50. Given the uncertainty of Heinrich’s standing to vote on the Proposed NV Settlement, the Trustee is uncertain whether seeking the vote of Chapman as the absent Inspector is appropriate given the foregoing. Part of the Trustee’s reasoning in that regard is that as an inspector, Chapman has consistently acted on the basis of what is desirable for ART his client, rather than what is in the interest of all creditors of the Company. At times, Chapman’s position has been expressly noted to be on the basis of “instructions.” The Trustee is accordingly concerned that the dynamics of the Litigation are merely being repeated in meetings of inspectors, all of whom were involved in the Litigation before the Company was bankrupt and remain involved in the portions that are still proceeding, such that the views of the Court as an independent adjudicator may be more appropriate in any event. If Heinrichs is disqualified from voting, then the Trustee seeks advice and direction from the Court on entering into the Proposed NV Settlement irrespective of the inspectors’ votes. In so doing, the Trustee relies on subsection 119(2) of the BIA, which states “The decisions and actions of the inspectors are subject to review by the court at the instance of the trustee or any interested person and the court may revoke or vary any act or decision of the inspectors and it may give such directions, permission or authority as it deems proper in substitution thereof or may refer any matter back to the inspectors for reconsideration.”
51. Accordingly, the Trustee seeks the Court’s advice and direction in authorizing the Trustee to enter into the Proposed NV Settlement and/or to provide such directions, permission or authority as it deems proper in substitution thereof.

#### **XIV. CONCLUSION**

52. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 8.

All of which is respectfully submitted on this 5th day of October 2021.

**MNP Ltd.**

In its capacity as Trustee of the Estate of  
Galty B.V., a bankrupt

Per:



---

Sheldon Title, Senior Vice-President

# Appendix "A"

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2484304  
Estate No. 31-2484304

\_FORM 68\_  
Notice of Bankruptcy, First Meeting of Creditors  
(Subsection 102(1) of the Act)

Original  Amended

In the matter of the bankruptcy of  
Galty B.V.  
having its head office in the City of Amsterdam, Netherlands

Take notice that:

1. Galty B.V. filed (or was deemed to have filed) an assignment on the 11th day of March 2019, and the undersigned, MNP LTD., was appointed as trustee of the estate of the bankrupt by the official receiver (or the Court), subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.

2. The first meeting of creditors of the bankrupt will be held on the 1st day of April 2019, at 10:00 AM, at the office of TORONTO, at 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4.

3. To be entitled to vote at the meeting, a creditor must lodge with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.

4. Enclosed with this notice is a proof of claim form, proxy form, and list of creditors with claims amounting to \$25 or more showing the amounts of their claims.

5. Creditors must prove their claims against the estate of the bankrupt in order to share in any distribution of the proceeds realized from the estate.

Dated at the City of Toronto in the Province of Ontario, this 12th day of March 2019.

MNP LTD. - Licensed Insolvency Trustee  
Per:



Sheldon Title - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of:  
 Division No. -  
 Court No.  
 Estate No.

Original  Amended

-- Form 78 --

Statement of Affairs (Business Bankruptcy) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the bankruptcy of  
 Galty B.V.

having its head office in the City of Amsterdam, Netherlands

To the bankrupt:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the bankruptcy, on the 11th day of March 2019. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	21,400,488.41
Balance of secured claims as per list "B" .....	0.00
Total unsecured creditors .....	21,400,488.41
2. Secured creditors as per list "B" .....	0.00
3. Preferred creditors as per list "C" .....	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for .....	1.00
Total liabilities .....	21,400,489.41
Surplus .....	NIL

ASSETS (as stated and estimated by the officer)	
1. Inventory .....	0.00
2. Trade fixtures, etc. ....	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good .....	8,000.00
Doubtful .....	0.00
Bad .....	0.00
Estimated to produce .....	8,000.00
4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
5. Deposits in financial institutions .....	1,538.63
6. Cash .....	0.00
7. Livestock .....	0.00
8. Machinery, equipment and plant .....	0.00
9. Real property or immovable as per list "G" .....	0.00
10. Furniture .....	0.00
11. RRSPs, RRIFs, life insurance, etc. ....	0.00
12. Securities (shares, bonds, debentures, etc.) .....	0.00
13. Interests under wills .....	0.00
14. Vehicles .....	0.00
15. Other property, as per list "H" .....	7,343,603.40

If bankrupt is a corporation, add:

Amount of subscribed capital .....	23,912.00
Amount paid on capital .....	23,912.00
Balance subscribed and unpaid .....	0.00
Estimated to produce .....	0.00
<b>Total assets .....</b>	<b>7,353,142.03</b>
<b>Deficiency .....</b>	<b>14,047,347.38</b>

I, Oliver Egerton-Vernon, of Jersey, in the United Kingdom, in my capacity as an officer of G.B. Directors Limited, corporate director of Galty B.V., do swear (or solemnly declare) that this statement and the attached lists are, to the best of my knowledge, a full, true and complete statement of Galty B.V.'s affairs on the 11th day of March 2019 and fully disclose all property of every description that is in its possession or that may devolve on it in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of Toronto in the Province of Ontario, on this 11th day of March 2019.

*in St. Helier, Jersey* *OBV*  
*NP*

*Oliver Egerton-Vernon*  
 Oliver Egerton-Vernon

For G.B. Directors Limited

Robert Harman, Notary Public  
 De Carterot House,  
 7 Castle Street, St. Helier,  
 Jersey JE2 3BT  
 Tel: 01534 766077  
 E mail: Robert.harman@notary.je  
 11 MARCH, 2019



FORM 78 - Continued

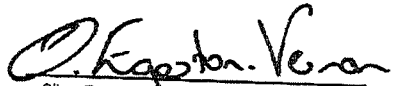
List "A"  
Unsecured Creditors

Galty B.V.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Aird & Berlis LLP Attr: Judy L. Zammit	Brookfield Place 181 Bay Street Suite 1800 Box 754 Toronto ON M5J 2T9	44,905.93	0.00	44,905.93
2	AMI Business Solutions	5163 Guelph Road # 1 Guelph ON N1H 6J4	204,095.00	0.00	204,095.00
3	Anne Marie Heinrichs	5163 Township Road 1 RR7 Guelph ON N1H 6J4	256,755.00	0.00	256,755.00
4	Bennett Jones LLP - Toronto	3400 One First Canadian Place PO Box 130 Toronto ON M5X 1A4	557,934.22	0.00	557,934.22
5	Brazilian Trust	The Brazilian Trust CTV House, LaPouquelaye St. Helier, Jersey Channel Islands JE2 3TP Channel Islands	14,148.00	0.00	14,148.00
6	Galty Investments N.V.	Dr. M. J. Hugenholzweg 2D, Unit 5, Vredenberg Business Center Curacao Dutch Antilles	20,169,268.00	0.00	20,169,268.00
7	Garfield Bennett	CTV House La Pouquelaye St. Helier JE2 3TP Jersey Chanel Islands	40,335.26	0.00	40,335.26
8	Local Corporation Management	c/o Bennet Jones LLP 3400 One First Canadian Place PO Box 130 Toronto ON M5X 1A4	94,047.00	0.00	94,047.00
9	Victor M. Seabrook & Timothy Seabrook	c/o Ron Chapman 2200-181 University A venue Toronto ON M5H 3M7	19,000.00	0.00	19,000.00
Total:			21,400,488.41	0.00	21,400,488.41

11-Mar-2019

Date

  
Oliver Egerton-Venon  
For G.B. Directors Limited

FORM 78 -- Continued

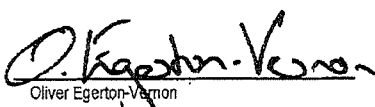
List "B"  
Secured Creditors

Galty B.V.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
			Total: 0.00			0.00	0.00	0.00

11-Mar-2019

Date

  
Oliver Egerton-Vernon

For G.B. Directors Limited

FORM 78 – Continued

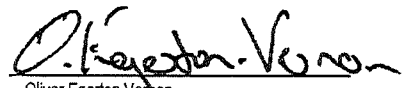
List "C"  
Preferred Creditors for Wages, Rent, etc.

Galty B.V.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

11-Mar-2019

Date

  
Oliver Egerton-Vernon

For G.B. Directors Limited

FORM 78 - Continued

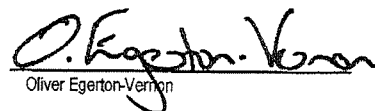
List "D"  
Contingent or Other Liabilities

Galty B.V.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
1	Victor M. Seabrook & Timothy Seabrook	c/o Ron Chapman 2200-181 University A venue Toronto ON M5H 3M7	1.00	0.00		Contingent claim
Total:			1.00	0.00		

11-Mar-2019

Date

  
Oliver Egerton-Vernon

For G.B. Directors Limited

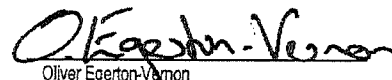
FORM 78 – Continued

List "E"  
 Debts Due to the Bankrupt  
 Galty B.V.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Victor M. Seabrook & Timothy Seabrook, trustees	2200-181 University A Toronto ON M5H 3M7	Cost award granted pursuant to Master Abrams Endorsement, dated	8,000.00 0.00 0.00		15-Oct-2018	8,000.00	Unsecured
			Total	8,000.00 0.00 0.00			8,000.00	

11-Mar-2019

Date

  
 Oliver Egerton-Vernon

FORM 78 -- Continued

List "F"

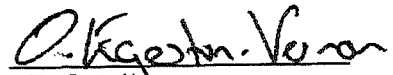
Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
Mortgages, etc., Available as Assets

Galty B.V.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
			Total:	0.00		0.00	

11-Mar-2019

Date

  
Oliver Egerton-Veron

For G.B. Directors Limited

FORM 78 – Continued

List "G"  
Real Property or Immovables Owned by Bankrupt  
Galty B.V.

Description of property	Nature of bankrupt interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
			Total:	0.00	0.00

11-Mar-2019

Date

*O. Egerton-Vernon*  
Oliver Egerton-Vernon

For G.B. Directors Limited

FORM 78 - Concluded

List "H"  
Property

Galty B.V.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions	ING BANK N.V. 1102 BW Amsterdam Netherlands	0006977928	1,481.19	1,481.19
	ING BANK N.V. 1102 BW Amsterdam Netherlands	0020066643	57.44	57.44
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Aird & Beris LLP - Funds held in trust on behalf of the company in respect of sale of 88 Elm Avenue, Toronto	591,503.40	591,503.40
		Cause of Action by cross claim against	0.00	6,752,100.00
			<b>Total:</b>	<b>7,345,142.03</b>

11-Mar-2019

Date

*Oliver Egerton-Vernon*  
Oliver Egerton-Vernon



District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2484304  
Estate No. 31-2484304

FORM 31  
Proof of Claim  
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the bankruptcy of  
Galty B.V.  
having its head office in the City of Amsterdam, Netherlands

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the bankruptcy of Galty B.V. of the City of Amsterdam in -- and the claim of \_\_\_\_\_, creditor.  
I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the  
province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_,  
creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy, namely the 11th day of March 2019, and still is, indebted to the creditor in the sum of  
\$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any  
counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in  
support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_  
(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and  
(Check appropriate description.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:  
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,  
and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_  
(Attach a copy of sales agreement and delivery receipts.)

E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_,

That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_.

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_,

That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_,

G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

*(To be completed when a proposal provides for the compromise of claims against directors.)*

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

5. That, to the best of my knowledge, I \_\_\_\_\_ (am/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.

I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Creditor

Phone Number: \_\_\_\_\_

Fax Number : \_\_\_\_\_

E-mail Address : \_\_\_\_\_

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2484304  
Estate No. 31-2484304

FORM 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the bankruptcy of  
Galty B.V.  
having its head office in the City of Amsterdam, Netherlands

I, \_\_\_\_\_, of \_\_\_\_\_, a creditor in the above matter, hereby  
appoint \_\_\_\_\_, of \_\_\_\_\_, to be  
my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without)  
power to appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:

MNP LTD. - Licensed Insolvency Trustee

\_\_\_\_\_  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

## CHECKLIST FOR PROOFS OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the Bankruptcy and Insolvency Act only those creditors who have filed their claims in the proper form with the trustee, before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

### General

- ◆ The signature of a witness is required;
- ◆ The claim must be signed personally by the individual completing this declaration;
- ◆ Give the complete address where all notices or correspondence is to be forwarded
- ◆ The amount of the statement of account must correspond to the amount indicated on the proof of claim.
- ◆ It is permissible to file a proof of claim by fax or by email.

### Paragraph 1

- ◆ Creditor must state full and complete legal name of company or firm;
- ◆ If the individual completing the proof of claim is not the creditor himself, he/she must state his/her position or title.

### Paragraph 3

- ◆ The statement of account must be complete;
- ◆ A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

### Paragraph 4

- ◆ Subparagraph 4.A must be completed by an unsecured creditor and must indicate if priority is claimed pursuant to Section 136.
- ◆ Subparagraph 4.B must be completed by a landlord only in a Proposal, for any claim related to disclaimer of lease. The amount of the claim is to be calculated according to the terms of the proposal. Provide details of calculation.
- ◆ Subparagraph 4.C must be completed by a secured creditor. A certified true copy of the security instrument as registered must be provided.
- ◆ Subparagraph 4.D must be completed a farmer, fisherman or aquaculturist creditor. A copy of the sales agreement and delivery documents must be provided.
- ◆ Subparagraph 4.E applies if you are a wage earner (ie, a clerk, servant, travelling salesperson, labourer or worker who is owed wages, salaries, commissions or compensation by a bankrupt (subsection 81.3) or by a "person" that is subject to a receivership (subsection 81.4) for services rendered during the six months immediately before the date of bankruptcy or receivership).
- ◆ Subparagraph 4.F applies to claims by employees for unpaid amounts regarding pension plans. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- ◆ Subparagraph 4.G is to be completed only in a Proposal, and only if the proposal provides for the compromise of claims against Directors. Provide full details including calculations.
- ◆ Subparagraph 4.H applies if you are a "customer" of a bankrupt securities firm (as contemplated by Section 262 of the Bankruptcy and Insolvency Act).

**Paragraph 5**

- ◆ All claimants must indicate if he or she is related or not to the debtor, as defined in Section 4 of the Bankruptcy and Insolvency Act, by striking out "AM" or "IS" or "AM NOT" or "IS NOT".

**Paragraph 6**

- ◆ All claimants must attach a detailed list of all payments or credits received or granted, as follows:
  - a) Within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related;
  - b) Within the twelve (12) months preceding the bankruptcy or proposal, in the case where the claimant and the debtor are related.

**- APPOINTING PROXY -**

Note: The Bankruptcy and Insolvency Act permits a proof of claim to be made by a duly authorized agent of a creditor but this does not give such a person power to vote at the first meeting of creditors or to act as the proxy of the creditor.

**General**

- ◆ A creditor may vote either in person or by proxy;
- ◆ A debtor may not be appointed as proxy to vote at any meeting of his creditors;
- ◆ The Trustee may be appointed as a proxy for any creditor;
- ◆ In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.

## **Appendix “B”**

In the matter of the bankruptcy of  
Galty B.V.  
having its head office in the City of Amsterdam, Netherlands

MINUTES OF THE FIRST MEETING OF CREDITORS

Minutes of the first meeting of creditors held at TORONTO

300 - 111 Richmond Street West

Toronto ON M5H 2G4, on April 1, 2019 10:00 AM.

Present:

Sheldon Title

Oliver Egerton-Vernon

Brendan Bissell

(see attached attendance list for other attendees)

Representing

Trustee

Bankrupt Corporation (by telephone)

Trustee's legal counsel

Sheldon Title acted as the Chairperson of the meeting. The Chairperson informed the meeting that pursuant to section 105(1) of the Bankruptcy and Insolvency Act ("**BIA**"), he would act as Chairperson and would decide any questions or disputes arising at the meeting and from such discussion any creditor may appeal to the court. The Chairperson examined the proofs of claim and established the quorum. The Chairperson declared the meeting legally constituted and called the meeting to order.

The Chairperson advised that the main purpose of the meeting is:

1. To consider the affairs of the Bankrupt
2. To affirm the appointment of the Trustee or to make a substitution
3. To appoint Inspectors, if necessary
4. To give such directions to the Trustee as required

The Chairperson tabled the following documents:

- assignment
- Trustee's preliminary report
- Trustee's affidavit calling first meeting of creditors
- Trustee's proof of publication

The Trustee provided its Preliminary Report (see attached) and there was a general discussion. During the recitation of the Preliminary Report, the Trustee provided the creditors with an update on the proofs of claims filed, taking into the account the claims filed ahead of the meeting.

## QUESTIONS

Q. Masiel Matus asked if the Trustee was aware of the extent of Aird & Berlis LLP's unpaid fees.

The Trustee's counsel advised that it understands from his discussions with a representative of Aird & Berlis LLP ("**A&B**") that its unpaid fees are approximately \$60,000 and has requested copies of the related invoices from A&B. This will allow the Trustee to identify the extent to which those fees relate to the transaction involving the sale of the property at 88 Elm Avenue, Toronto.

The Trustee's legal counsel also advised that A&B may have a solicitor's lien to the extent of its unpaid fees.

Q. Anne Marie Heinrichs asked for the Trustee to detail the \$12,573 reflected in Section E- Provable Claims of the Preliminary Report.

A. The Trustee advised that it represented the unsecured claim filed by LaHogue Financial Management Services Corp. ("**LaHogue**") and Pantrust International, S.A. ("**Pantrust**"). Masiel Matus, legal counsel to LaHogue and Pantrust, advised the Meeting that this amount represents the costs awarded by Master Abram to be paid by Galty to LaHogue and Pantrust pursuant to a Court Order, dated November 23, 2018.

Q. Maureen Ward asked the Trustee whether it would comment on the motion filed by Plaintiffs<sup>a</sup> (as defined in the Preliminary Report) to further amend the statement of claim to add parties as defendants in respect of an alleged fraudulent preference in favour of Galty N.V.

A. The Trustee's counsel advised that any amendment of the statement of claim that deals with the plaintiffs claim as against Galty would be subject to the stay of proceedings. Whether that affects the standing or ability of the Plaintiffs to make the proposed claims against other parties will have to be for those parties to consider and, if so advised, contest. The Trustee does not believe it appropriate for it to take a position or comment on this matter.

The Trustee and its counsel also noted that the alleged fraudulent preference reported on in the Preliminary

---

<sup>a</sup> The motion to amend the Statement of Claim is dated January 14, 2019.



Report is beyond the “lookback period” of the Trustee, which generally covers the one-year period preceding the date of bankruptcy. The Trustee’s counsel also noted that the Trustee and its counsel have not had an opportunity to consider what, if anything, the Trustee would recommend to the creditors with regards to the possible claims by the estate, as identified by the Notice of Motion.

AFFIRMATION OF TRUSTEE

The Trustee was appointed at the filing by the Official Receiver to administer the estate. Per the BIA, the trustee’s appointment is affirmed by a majority vote on an ordinary resolution.

It was moved by: Maureen Ward  
                    seconded by: Anne Marie Heinrichs  
that MNP Ltd. be affirmed as Trustee. Carried unanimously.

APPOINTMENT OF INSPECTORS

Prior to voting on the appointment of Inspectors, the Trustee briefly reviewed the role of the Inspector. The Trustee then asked whether anyone wished to put forward nominees. After discussion, the following individuals were nominated and the motion carried unanimously.

	Name
1.	Maureen Ward
2.	Anne Marie Heinrichs
3.	Ron Chapman
4.	Oliver Egerton Vernon
5.	Maisel Matus

The Trustee and its counsel advised the Meeting that the BIA states that no person is eligible to be appointed or act as Inspector who is a party to any contested action or proceedings by or against the estate of the bankrupt.” A discussion then ensued as to whether Ron Chapman and Maisel Matus could act as Inspectors as each is counsel to a party in the Litigation. The Trustee recessed the Meeting to confer with its counsel on this matter.

The Meeting was called back to order. The Trustee's counsel advised that during the recess the Trustee and its counsel reviewed the available commentary and cases. After its review, the Trustee's position is that where there is doubt about whether or not a person is eligible to act as Inspector, in circumstances such as this, the Trustee or any other interested party may apply to the Court for directions, if they wish.

Given the commentary, the Trustee is not able to decide whether Ron Chapman and/or Maisel Matus are qualified to act as Inspectors. The Trustee suggested that these individuals remain on the slate of nominees, with the understanding that, if appointed, they would have to be removed from dealing with matters put to the Inspectors that involve the Litigation. For clarity, the Trustee's counsel indicated that Inspectors are generally recused from voting on issues where they are in conflict with the estate, but in this case, these Inspectors would not be permitted to participate in the portions of the Meeting dealing with the Litigation.

The Trustee was asked to explain the powers and duties of the Inspector. The Trustee explained that sections 30 and 116 of the BIA are the most relevant sections of the BIA relating to the powers and duties of the Inspector. The Trustee also explained that the decisions and actions of the Inspectors are subject to review by the creditors at large and the Court.

#### OTHER DIRECTIONS

The Trustee asked if there any issues that the Creditors wished to address. The creditors asked the Trustee to provide information on the next steps in the administration of the bankruptcy estate. The Trustee advised that it intends on reviewing and determining the validity of the property claim that was filed by the Plaintiffs and report back to the Inspectors.


#### ADJOURNMENT

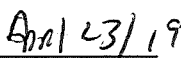
There being no further business

It was moved by: Maureen Ward

seconded by: Anne Marie Heinrichs

that the meeting be adjourned.

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Date

Galty B.V.

File No. 31-2484304

Attendance Sheet - First Meeting of Creditors

Name (print)	Signature	Representing	Amount of Claim	Remarks
SHELDON TITUE	<i>[Signature]</i>	MNP LTD. - TRUSTEE	-	
A. CHAPMAN	<i>[Signature]</i>	The Apax Red Trust	2,000,000	
M. Matus	<i>[Signature]</i>	La House Financial Management Services Corp.; LaTrust International	\$12,573.08	
Anita Ferricks	<i>[Signature]</i>	Amu Marie Ferricks Ami Business Solutions GP Directors Ltd.	\$25,000 \$20,000 \$40,000	
R. S. Bissell	<i>[Signature]</i>	counsel for the Trustee	-	
M. Ward	<i>[Signature]</i>	on behalf of Bemetfone.	\$609,900.11	former counsel to Galty
O. Egeron-Vernon	per: ESS	Officer of the bankrupt	-	

CANADA  
District of ONTARIO  
Division No. 09 - Toronto  
COURT NO. 31-2484304  
ESTATE NO. 31-2484304

**TRUSTEE'S PRELIMINARY REPORT**  
**IN THE MATTER OF THE BANKRUPTCY OF**  
**GALTY B.V.**  
**HAVING ITS HEAD OFFICE IN THE CITY OF AMSTERDAM, NETHERLANDS**

Licensed Insolvency Trustee ("Trustee"): MNP Ltd.

*The information contained in this Preliminary Report has been prepared from the available books and records of the Company. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.*

**SECTION A BACKGROUND**

Galty B.V. ("Galty" or the "Company") was incorporated on July 31, 1979 as a limited liability company under the laws of The Netherlands and previously operated as a property investment, property rental and holding company. As detailed below, at the date of bankruptcy, the Company was involved in litigation (the "Litigation").

On March 11, 2019, the Company made an assignment in bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy the same day. MNP Ltd. was appointed to act as Licensed Insolvency Trustee of the estate of Galty, subject to affirmation by the creditors at the First Meeting of Creditors.

On March 13, 2019, the Notice of Bankruptcy and First Meeting of Creditors, a list of the creditors and a proof of claim form, along with a proxy were sent to all known creditors of Galty. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* ("BIA"), a Notice of Bankruptcy was published in the Friday, March 15, 2019, edition of the *Toronto Sun* newspaper.

The Trustee has been advised by Galty's designated officer, Harold Pothoven, that the Company's bankruptcy was as a result of the ongoing legal costs associated with defending the Litigation.

**SECTION B PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS**

The Company's assets and their estimated realizable value according to its sworn Statement of Affairs ("SOA") are as follows:

Description	Estimated Realizable Value (\$)
Cash in Bank	1,539

Funds Held in Trust by Aird & Berlis LLP (the "Sale Proceeds")	591,503
Costs Award – Victor M. Seabrook & Timothy Seabrook, trustees	8,000
Cause of Action	6,752,100

Cash in Bank

Galty maintained bank accounts at ING Bank N.V. ("ING") in Amsterdam. Upon the bankruptcy, the Trustee directed correspondence to ING requesting it freeze the bank accounts and forward the funds to the Trustee. To date, the Trustee has not received a response to its letter.

Sale Proceeds

Galty owned a property with a municipal address of 88 Elm Avenue, Toronto (the "Property"). The Property was sold in April, 2015. The proceeds of sale were applied to satisfy payment of the mortgage, real estate commissions, utilities and remittance to CRA of taxes withheld by a non-resident on the sale of the Property and other miscellaneous disbursements.

Aird & Berlis LLP ("A&B") is holding Sale Proceeds, being the balance of the proceeds of sale less the payments noted above, in its trust account. As part of the Litigation, Victor M. Seabrook ("Victor") and Timothy Seabrook ("Timothy"), trustees of the Avenue Road Trust ("ART") and Isobel R. Seabrook ("Isobel" and together with Victor and Timothy hereinafter collectively referred to as the "Plaintiffs"), by her litigation guardian Timothy, assert a trust claim over the Sale Proceeds.

Upon its appointment, the Trustee served A&B with its notice of its appointment and its interest in the Sale Proceeds. A&B responded by noting that the Court has previously ordered that the Sale Proceeds remain in A&B's trust account pending further Court order. Goldman Sloan Nash & Haber ("GSNH"), the Trustee's counsel, requested that no steps be taken by A&B in respect of the Sale Proceeds without consent of the Trustee or further order on notice to the Trustee. On March 29, 2019, A&B responded to the Trustee and GSNH to advise that, *inter alia*:

1. Not all of the funds currently in the possession of A&B, which funds total \$591,503.40, are being held by A&B in trust on behalf of Galty.
2. Pursuant to a written direction from Galty to A&B, which written direction specifically authorizes and directs A&B to apply a portion of the funds in A&B's possession on account of A&B's outstanding legal fees and disbursements for professional fees rendered by A&B to Galty ("**A&B's Professional Fees and Disbursements**"), the portion of the funds in the possession of A&B equal to the amount of A&B's Professional Fees and Disbursements is the property of A&B, not the property of Galty, the Trustee or any other person.
3. Certain parties alleged an interest in certain amounts of the above-mentioned funds and commenced certain legal proceedings in respect of this allegation. A&B subsequently made an undertaking to not release certain amounts of these funds in certain circumstances, which undertaking was subsequently recognized and confirmed by the Ontario Superior Court of Justice.

The Trustee also issued to ART a Notice by Trustee to Prove Claim pursuant to s.81(4) of the BIA. On March 29, 2019, the Trustee received a Reclamation of Property form from ART. The Trustee is in the process of reviewing ART's claim and the supporting material provided in connection with determining whether to accept or disallow such claim.

Costs Award/Cause of Action – see Section F below

### **SECTION C BOOKS AND RECORDS**

The Trustee has taken possession of the books and records it requires in order to administer the bankruptcy estate.

### **SECTION D CONSERVATORY MEASURES**

As noted above, the Trustee has notified A&B of its appointment and the estate's interest in the Sale Proceeds and requested that ING freeze Galty's bank accounts.

### **SECTION E PROVABLE CLAIMS**

The claims of creditors as per the Company's sworn SOA and the claims filed as at 5:00 pm on March 29, 2019 are summarized below:

	<u>As per Statement of Affairs</u>	<u>Claims as Filed</u>
Secured	\$ Nil	\$ Nil
Preferred Unsecured	Nil	Nil
Ordinary Unsecured	21,400,488	12,573
Contingent	1	3,197,204
	<u>\$ 21,400,489</u>	<u>\$ 3,209,777</u>

The Trustee, at the time this Report was issued, held no proxies on behalf of creditors.

The above-noted claims have not yet been reviewed for the purposes of admitting the claims for distribution.

### **SECTION F LEGAL PROCEEDINGS , TRANSFERS AT UNDERVALUE AND PREFERENCE PAYMENTS**

#### *Legal Proceedings*

Galty was involved in the Litigation, wherein the Plaintiffs claimed from Galty, *inter alia*:

1. Payment of £472,790 and \$1,150,000 Canadian; and
2. An interlocutory injunction as against all defendants not to dispose of the Sale Proceeds until further order of the Court or consent of the Plaintiff.

Galty defended the claim and the various cross claims it has become subjected to as part of the Litigation. It also brought a cross claim against certain of the defendants for, *inter alia*, contribution and indemnity for any amount for which Galty is found to be liable.

Galty also commenced a claim against Victor, for, *inter alia*:

1. \$3,600,000 in damages due to Victor's alleged negligence and breach of fiduciary duties; and
2. An accounting and restitution or disgorgement of any and all benefits that Victor unjustly received as a result of his breach of fiduciary duty to Galty, including legal and professional fees paid to Victor in respect of his positions at Galty.

At this time, the Trustee has served a Notice of Stay of Proceedings on the parties to the Litigation and will further consider the Litigation with the Inspectors appointed to act in the estate.

#### *Transfers at Under-Value and Preference Payments*

The Trustee completed a limited review of the Company's books and records in order to identify any potential transfers at undervalue or preference payments. The scope of the review was limited to a review of Galty's bank statements for the period January 1, 2018 and March 11, 2019 (the "**Banking Records**"), a review of certain board of director meeting minutes and inquiries with management.

The Trustee did not identify any noteworthy and material transactions from its review of the Banking Records.

Galty is owned by Galty Investments N.V. ("**N.V.**"). N.V. is owned by a Brazilian Trust. At a meeting of Galty's directors, held on July 13, 2017, the Directors authorized Galty transferring the sum of \$1,100,000 from its bank account to the Brazilian Trust. Based on the SOA, N.V. is Galty's largest unsecured creditor, with a declared claim of \$20,169,128 against Galty. To date, N.V. has not filed a proof of claim against the estate. The transfer of \$1,100,000 to the Brazilian Trust was to be set off against this loan. The monies used to fund payment of this transfer were derived from a corporate tax refund (associated with the taxes withheld by a non-resident on the sale of the Property) paid by Canada Revenue Agency on May 26, 2017 and deposited to Galty's bank account on July 6, 2017. The payment to the Brazilian Trust occurred on July 14, 2017.

#### **SECTION G ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION**

Given the foregoing, the Trustee is unable to estimate the realizations in the estate until a determination is made as to the estate's entitlement, if any, to the Sale Proceeds.

#### **SECTION H OTHER MATTERS**

The Trustee has received from Bennet Jones LLP a third-party guarantee to the extent of \$50,000 plus HST in respect of the administration costs of the bankruptcy estate.

Dated at Toronto, Ontario, this 30th day of March 2019.

**MNP LTD.**

*Trustee of the Estate of Galty B.V., a bankrupt*

Per:

A handwritten signature in black ink, appearing to read "Sheldon Title", written in a cursive style.

Sheldon Title  
Licensed Insolvency Trustee



## Appendix "C"

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY OF  
GALTY B.V.  
HAVING ITS HEAD OFFICE IN THE CITY OF AMSTERDAM, NETHERLANDS**

**FIRST REPORT TO THE COURT  
SUBMITTED BY MNP LTD.**

**FEBRUARY 27, 2020**

**I. INTRODUCTION**

1. On March 11, 2019, Galty B.V. (“**Galty**” or the “**Company**”) made an assignment in bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy the same day. MNP Ltd. (the “**Trustee**”) was appointed to act as Licensed Insolvency Trustee of Galty’s bankruptcy estate, subject to affirmation by the creditors at the First Meeting of Creditors.
2. On March 13, 2019, the Notice of Bankruptcy and First Meeting of Creditors (the “**Notice**”), a list of the creditors and a proof of claim form, along with a proxy were sent to all known creditors of Galty. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* (“**BIA**”), a Notice of Bankruptcy was published in the Friday, March 15, 2019, edition of the *Toronto Sun* newspaper. A copy of the Notice and Statement of Affairs (“**SOA**”) are attached as **Appendix “A”**.
3. The First Meeting of Creditors (the “**Meeting**”) was held on April 1, 2019 and was presided over by Sheldon Title. At the Meeting, the creditors resolved to affirm the Trustee’s

appointment and to appoint five Inspectors. A copy of the minutes of the Meeting are attached as **Appendix “B”**.

## **II. RESTRICTIONS**

4. In preparing this Report and making the comments herein, the Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Company’s books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the **“Information”**). Except as described in this Report, the Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

## **III. PURPOSE OF THIS REPORT**

5. The purpose of this Report is to provide the Court with:
  - (i) information related to Galty, its assets and liabilities; and
  - (ii) the Trustee’s recommendations that the Court issue an order, *inter alia*, directing Aird & Berlis LLP (**“A&B”**) release to the Trustee the balance of the Sale Proceeds (defined below) after deducting the Retained Amount (defined below), such funds hereafter referred to as the **“Remaining Sale Proceeds”**.

## **IV. BACKGROUND INFORMATION**

6. Galty was incorporated on July 31, 1979 as a limited liability company under the laws of the Netherlands and previously operated as a property investment, property rental and holding company. As detailed in the OTHER MATTERS section, at the date of bankruptcy, the Company was involved in litigation (the **“Litigation”**).
7. The Trustee has been advised by Galty’s designated officer, Harold Pothoven, that the Company’s bankruptcy was as a result of the ongoing legal costs associated with defending the Litigation.

## Assets

8. The Company's assets, their estimated realizable value according to its SOA and the recoveries to date, are as follows:

<b>Description</b>	<b>Estimated Realizable Value (\$)</b>	<b>Amount Recovered (\$)</b>
Cash in Bank	1,539	1,464
Funds Held in Trust by A&B (the " <b>Sale Proceeds</b> ") -see below	591,503	0
Costs Award – Victor M. Seabrook & Timothy Seabrook, trustees	8,000	0
Cause of Action	6,752,100	0

## Sale Proceeds

9. Galty owned a property with a municipal address of 88 Elm Avenue, Toronto (the "**Property**"). The Property was sold in April 2015. Portions of the proceeds of sale were applied to satisfy payment of the mortgage, real estate commissions, utilities and remittance to CRA of taxes withheld by a non-resident on the sale of the Property and other miscellaneous disbursements.
10. A&B is holding the Sale Proceeds, being the balance of the proceeds of sale less the payments noted above, in its trust account. As part of the Litigation, Victor M. Seabrook ("**Victor**") and Timothy Seabrook ("**Timothy**"), trustees of the Avenue Road Trust ("**ART**") and Isobel R. Seabrook ("**Isobel**" and together with Victor and Timothy hereinafter collectively referred to as the "**Plaintiffs**"), by her litigation guardian Timothy, asserted a trust claim over the Sale Proceeds.
11. Upon its appointment, the Trustee served A&B with its notice of its appointment and its interest in the Sale Proceeds. A&B responded by noting that the Court has previously ordered that the Sale Proceeds remain in A&B's trust account pending further Court order.

Goldman Sloan Nash & Haber (“**GSNH**”), the Trustee’s counsel, requested that no steps be taken by A&B in respect of the Sale Proceeds without consent of the Trustee or further order on notice to the Trustee. On March 29, 2019, A&B responded to the Trustee and GSNH to advise that, *inter alia*:

- (i) Not all of the Sale Proceeds are being held by A&B in trust on behalf of Galty;
- (ii) Pursuant to a written direction from Galty to A&B (the “**Direction**”), which written direction specifically authorizes and directs A&B to apply a portion of the funds in A&B’s possession on account of A&B’s outstanding legal fees and disbursements for professional fees rendered by A&B to Galty (“**A&B’s Professional Fees and Disbursements**”), the portion of the funds in the possession of A&B equal to the amount of A&B’s Professional Fees and Disbursements is the property of A&B, not the property of Galty, the Trustee or any other person; and
- (iii) Certain parties alleged an interest in certain amounts of the above-mentioned funds and commenced certain legal proceedings in respect of this allegation. A&B subsequently made an undertaking to not release certain amounts of these funds in certain circumstances, which undertaking was subsequently recognized and confirmed by Orders of the Ontario Superior Court of Justice.

12. In respect of the A&B Professional Fees and Disbursements, A&B provided four invoices, dated July 27, 2017 in the amount of \$44,903.93 (the “**July, 2017 Invoice**”); November 20, 2018; December 31, 2018; and April 10, 2019, respectively, which reflect an aggregate balance of \$66,922.01. The Trustee has not determined the extent to which the A&B Professional Fees and Disbursements are subject to a valid Solicitor’s Lien and/or subject to the Direction, or the extent to which the amounts claimed are properly owing by the Company.

#### **Property Claim filed by Avenue Road Trust**

13. On March 29, 2019, after issuing ART a Notice by Trustee to Prove Claim pursuant to s.81(4) of the BIA, the Trustee received a Reclamation of Property form from ART asserting a trust claim over all of Galty’s assets, including the Sale Proceeds. In support

of its claim, the claimant provided the Amended Amended Amended Statement of Claim filed by the Plaintiffs, by her litigation guardian Timothy, as Plaintiffs and Galty, et al, as Defendants. A copy of this claim is attached as **Appendix “C”**.

### **Trustee’s Response to ART’s Property Claim**

14. Section 81(2) of the BIA requires the Trustee to determine the claim within 15 days of the Meeting, which in this case was on April 1, 2019. That determination was therefore required by April 16, 2019.

15. After reviewing the materials submitted with the claim, on April 15, 2019, the Trustee served, via registered mail, ART with Notice of Dispute. In issuing the Notice of Dispute, the Trustee advised ART’s counsel that it would be prepared to review any further additional particulars and supporting evidence that ART wishes to also provide. In addition to any further documentation in support of ART’s claim that it may wish to provide, the Trustee requested it consider submitting:

- (i) The evidence on which the allegation is made in the Amended Amended Amended Statement of Claim attached as Exhibit “C” to the claim for reclamation of property at para. 31 that the 2008 refinancing was impressed by a trust, such that the Sale Proceeds are also said to be subject to a trust.
- (ii) The basis on which the claim for the reclamation of property also claims all other assets of the bankrupt as disclosed on Exhibit “B” to the affidavit (i.e. beyond the Sale Proceeds) and the associated evidence.

16. The Trustee also asked ART to consider delivering any further materials within the statutory 15-day appeal period referred to in the Notice.

### **Appeal of the Trustee’s Disallowance**

17. On April 30, 2019, ART’s counsel served the Trustee’s counsel with Notice of Appeal from Disallowance of Claim by Trustee (“**NOA**”). The NOA referenced that in support of its application are the affidavits of Victor sworn on the 25th and 29th days of March 2019 and the Affidavit of Bruce G. Buckley sworn the 17th day of December 2018. The

affidavits of March 25, 2019 and December 17, 2018 were filed with the unsecured proof of claim filed by the Plaintiffs in Galty's bankruptcy.

18. The appeal was scheduled for a hearing on July 23, 2019 before Master Jean of the Ontario Superior Court of Justice (In Bankruptcy). Prior to the hearing, counsel for the Plaintiff requested the Trustee consent to an adjournment to allow it an opportunity to submit new evidence and offered to pay \$2,000 in costs. The Appellant's counsel did not have this evidence with it at the hearing. The Trustee did not agree to the adjournment. The Appellant requested an adjournment and intended to bring a motion to file further evidence. The Master recused herself of the matter on the basis of a conflict, without disclosing the nature of the conflict and ordered that the motion proceed to September 3, 2019. The Master also adjourned the appeal to September 3, 2019 for a motion by the Appellant to adduce fresh evidence and for scheduling the appeal. A copy of the Court's endorsement is attached as **Appendix "D"**.
19. Subsequent to the July 23, 2019 hearing, on August 20 and 21, 2019, ART, through its counsel offered to settle ("**Offer to Settle**") the dispute over ART's claim to reclaim Galty's property by abandoning its appeal of the Trustee's decision to dispute ART's entitlement to reclaim Galty's property without costs, provided such abandonment did not affect or prejudice ART's claim as being a creditor of the bankrupt.. On August 28, 2019, ART's counsel advised that the Offer to Settle was retracted and then subsequently reinstated. A copy of the email exchanges between counsel for ART and the Trustee are attached as **Appendix "E"**.
20. On August 29, 2019, the Trustee, through its counsel and with Inspector approval, communicated its acceptance of the Offer to Settle.
21. On August 30, 2019, counsel for ART served the Trustee's counsel with Notice of Abandonment in respect of ART's appeal of the Trustee's dispute of its claim for reclamation.
22. On September 3, 2019, the Trustee's counsel appeared before Master Mills wherein the Court noted the dispute was settled and the appeal of the Trustee's disallowance was

withdrawn. A copy of the endorsement dated September 3, 2019 is attached as **Appendix “F”**.

### **Settlement of A&B’s fee claim**

23. Subsequent to September 3, 2019, A&B advised the Trustee that notwithstanding the matter of ART’s claim to Galty’s property being settled:

- (i) It still requires a Court Order before releasing the funds to the Trustee as the previous Court orders obligated A&B to hold the funds in its trust pending further order of the Court; and
- (ii) A&B initially took the position that it was is amenable to directing to the Trustee the balance of Sale Proceeds after deducting the A&B Professional Fees and Disbursements (the “**Net Sale Proceeds**”). Under this scenario, the A&B Professional Fees and Disbursements would have been held by A&B pending further order of the Court or by mutual agreement between the A&B and the Trustee.

24. Thereafter, the Trustee’s counsel entered into discussions with representatives of A&B wherein A&B asked whether the amount payable to it could be resolved as part of the Trustee’s motion seeking authorization to have A&B release the Sale Proceeds to the Trustee.

25. As a result of A&B’s request, the Trustee called an Inspectors meeting to seek their instructions on settling A&B’s claim in relation to the A&B Professional Fees and Disbursements on a pragmatic basis. At the Inspectors meeting held on December 11, 2019, the Inspectors provided the Trustee with instructions.

26. After the Inspectors meeting and having regard to the Inspectors’ instructions, the Trustee’s counsel engaged in discussions with representatives of A&B wherein the parties agreed to settle the A&B Professional Fees and Expenses for an amount of \$45,805.93 (the “**Retained Amount**”), representing payment of the July, 2017 Invoice plus interest. A&B would be paid from the Sale Proceeds, such payment representing full and final settlement



of A&B's entitlement to payment of the A&B Professional Fees and Expenses from the Sale Proceeds. The Trustee recommended the settlement to the Inspectors on the basis that:

- (i) A substantial portion of the July, 2017 Invoice was for services rendered in connection with the sale of the Property and related tax work, whereas the balance of the A&B Professional Fees and Expenses relate, in part, to the Litigation and efforts to have A&B paid;
- (ii) The July, 2017 Invoice appears to be subject to the direction given by Galty in favour of A&B; and
- (iii) Settling the A&B Professional Fees and Disbursements as part of this motion eliminates the costs associated with bringing a separate motion to have the matter determined.

The settlement was confirmed in an email exchange on January 7, 2020 between counsel for the Trustee and a representative of A&B, a copy of which is attached as **Appendix "G"**.

### **Recommendation**

27. Given the foregoing, the Trustee recommends and requests the Court's assistance in directing A&B to transfer the Remaining Sale Proceeds to the estate. These funds will then be in the hands of the Trustee and available for distribution in accordance with the scheme of distribution set out in the BIA or to fund the Litigation or a challenge to Galty's payment to the Brazilian Trust (see OTHER MATTERS section).

## Liabilities

28. The claims of creditors as per the Company's sworn SOA and the claims filed as at January 16, 2020 are summarized below:

	<b>As per Statement of Affairs</b>	<b>Claims as Filed</b>
Secured	\$ Nil	\$ Nil
Preferred Unsecured	Nil	Nil
Ordinary Unsecured	21,400,488	21,882,296
Contingent	1	3,197,204
	<hr/> <b>\$ 21,400,489</b> <hr/>	<hr/> <b>\$ 25,079,500</b> <hr/>

29. At this time, the Trustee has not determined the admissibility of the proofs of claim for distribution purposes.

## V OTHER MATTERS

### The Litigation

30. As noted above, Galty was involved in the Litigation, wherein the Plaintiffs claimed from Galty, *inter alia*:

- (i) Payment of £472,790 and \$1,150,000 Canadian; and
- (ii) An interlocutory injunction as against all defendants not to dispose of the Sale Proceeds until further order of the Court or consent of the Plaintiff.

31. Galty defended the claim and the various cross claims it has become subjected to as part of the Litigation. It also brought a cross claim against certain of the defendants for, *inter alia*, contribution and indemnity for any amount for which Galty is found to be liable.

32. Galty also commenced a claim against Victor, for, *inter alia*:

- (i) \$3,600,000 in damages due to Victor's alleged negligence and breach of fiduciary duties; and

- (ii) An accounting and restitution or disgorgement of any and all benefits that Victor unjustly received as a result of his breach of fiduciary duty to Galty, including legal and professional fees paid to Victor in respect of his positions at Galty.

33. At this time, the Trustee has served a Notice of Stay of Proceedings on the parties to the Litigation but has not taken any other steps in respect of the Litigation.

### **Payment to Brazilian Trust**

34. The Trustee completed a limited review of the Company's books and records in order to identify any potential transfers at undervalue or preference payments. The scope of the review was limited to a review of Galty's bank statements for the period January 1, 2018 and March 11, 2019 (the "**Banking Records**"), a review of certain board of director meeting minutes and inquiries with management.

35. Apart from the matter noted in paragraph 36, the Trustee did not identify any noteworthy and material transactions from its review of the Banking Records.

36. Galty is owned by Galty Investments N.V. ("**N.V.**"). N.V. is owned by a Brazilian Trust. At a meeting of Galty's directors, held on July 13, 2017, the Directors authorized Galty transferring the sum of \$1,100,000 from its bank account to the Brazilian Trust. Based on the SOA, N.V. is Galty's largest unsecured creditor, with a declared claim of \$20,169,128 against Galty. N.V. has now filed a proof of claim against the estate, which asserts that the transfer of \$1,100,000 to the Brazilian Trust was to be set off against this loan. The monies used to fund payment of this transfer were derived from a corporate tax refund (associated with the taxes withheld by a non-resident on the sale of the Property) paid by Canada Revenue Agency on May 26, 2017 and deposited to Galty's bank account on July 6, 2017. The payment to the Brazilian Trust occurred on July 14, 2017. The Trustee is still reviewing the proof of claim of N.V. and the documents that accompanied it.

### **Potential Inspector Conflict**

37. As noted above, there are five Inspectors appointed to act in this estate, including Ron Chapman and Maisel Matus, each of whom is counsel to a party in the Litigation. At the Meeting, the Trustee and its counsel considered whether the BIA disqualifies these

individuals as being eligible to be appointed or act as Inspector, given their respective clients are a party to a contested action or proceedings by or against the estate of the bankrupt.

38. After reviewing the case law and commentary on this matter, the Trustee and its counsel concluded that the removal or disqualification of individuals other than as noted in subsection 116(2) of the BIA (being parties to litigation against the bankrupt) is a matter for the Court and not the Trustee to determine, and accordingly suggested that these individuals remain on the slate of nominees, with the understanding that, if appointed, they would have to be removed from dealing with matters put to the Inspectors that involve the Litigation.
39. At the October 4, 2019 meeting of the Inspectors, the Inspectors were asked to consider the following:
  - (i) Status of the Sale Proceeds; and
  - (ii) A&B's claim to those funds.
40. After discussion, the Inspectors unanimously resolved that the Trustee bring an application to Court to seek a Court Order directing A&B to pay the Net Sale Proceeds to the Trustee and providing that A&B's entitlement to keep the Retained Funds will be determined by mutual agreement or by Court Order.
41. Subsequent to the Meeting, Ron Chapman and Masiel Matus respectively advised the Trustee that each of them wished to take no position on the motion notwithstanding their support of the motion at the October 4th Meeting, and further that they objected to the payment of the funds by A&B to the Trustee based on the interests of their clients. Copies of emails received from them are attached as **Appendix "H"**. Copies of the responses from counsel for the Trustee are attached as **Appendix "I"**.
42. In a further Inspectors meeting on December 11, 2019, Mr. Chapman indicated that his position on the A&B fee matters under discussion required instructions from his client.

43. The Trustee is concerned that despite not being themselves parties to litigation against Galty within the meaning of subsection 116(2) of the BIA, their roles as inspectors are being guided by such parties.

44. The Trustee therefore intends on excluding these Inspectors from participating in any matter, directly or indirectly related to the Litigation.

## **VI. CONCLUSION**

45. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 5.

All of which is respectfully submitted on this 27th day of February 2020.

**MNP Ltd.**

In its capacity as Trustee of the Estate of  
Galty B.V., a bankrupt

Per:



---

Sheldon Title, Senior Vice-President

**IN THE MATTER OF THE BANKRUPTCY  
OF GALTY B.V., HAVING ITS HEAD OFFICE IN THE CITY OF AMSTERDAM, NETHERLANDS**

---

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

---

**FIRST REPORT TO THE COURT**

---

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
Toronto, ON M5G 1V2

**R. Brendan Bissell**  
**LSO #: 40354V**  
Tel: 416-597-6489  
Fax: 416-597-3370

Lawyers for the Trustee, MNP Ltd.

## **Appendix “D”**

**Galty BV**  
**Interim statements of receipts and disbursements**  
**March 11, 2019 to September 30, 2021**

**Cash Receipts**

Cash in Bank	1,464.27
Transfer of Funds from Aird & Berlis LLP	545,697.47
Funds advanced by MNP Ltd. to estate	710.00
Interest	628.75
<b>Total Cash Receipts</b>	<u>\$ 548,500.49</u>

**Less:**

**Cash Disbursements**

Trustee's fees	41,977.10
OSB Filing Fee	150.00
Advance to be repaid to MNP Ltd.	710.00
HST Paid	5,520.57
Notice of bankruptcy - Newspaper	488.79
<b>Total Disbursements</b>	<u>\$ 48,846.46</u>

**Excess of receipts over disbursements** \$ 499,654.03

**Notes:**

(1) Trustee's fees paid through August 19, 2020. Payment of the Trustee's legal fees through August 17, 2020 in the amount of \$39,020.70 is pending taxation.



## Appendix “E”

## Chahna Nathwani

---

**From:** Oliver Egerton-Vernon <Oliver.Egerton-Vernon@garfieldbennett.com>  
**Sent:** August 10, 2021 6:47 AM  
**To:** 'Brendan Bissell'; Sheldon Title  
**Subject:** RE: Galty NV

**CAUTION:** This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.  
**MISE EN GARDE:** Ce courriel ne provient pas du réseau de MNP. Méfiez-vous des liens ou pièces jointes qu'il pourrait contenir.

### Without Prejudice save as to costs

Brendan,

Apologies for the confusion.

Galty N.V.'s W/P offer is option (a) in that Galty N.V. would be prepared to offer a return of the portions of the c. CAD \$1.1 million that would not go to Galty N.V. in any event as a creditor with c. 90% of the proven claims (i.e. a payment by Galty N.V. to the estate of c. \$110,000).

By way of explanation, if Galty N.V.'s proven claim was 90% then it would return 10% of the c. CAD 1.1 million. If Galty N.V.'s proven claim was 92% then it would return 8% of the c. CAD 1.1 million.

I hope that the above is clearer however, please feel free to telephone me if it would assist.

Best

Oliver

### Oliver Egerton-Vernon

*English Solicitor*  
Director

### Garfield-Bennett Trust Company Limited

First Floor, Durell House, 28 New Street, St. Helier,  
Jersey, JE2 3RA  
Office: +44 1534 857773  
Mobile: +447797782717  
Fax: +44 1534 857774  
Email: [Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)  
Web: [www.garfieldbennett.com](http://www.garfieldbennett.com)



---

**From:** Brendan Bissell <[bissell@gsnh.com](mailto:bissell@gsnh.com)>

**Sent:** 09 August 2021 20:22

**To:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>; 'Sheldon Title' <[Sheldon.Title@mdp.ca](mailto:Sheldon.Title@mdp.ca)>

**Subject:** RE: Galty NV

**Security notice: This message originated from outside the organisation using the email address [bissell@gsnh.com](mailto:bissell@gsnh.com)**

Dear Oliver: Thank you for your email. Sheldon and I have reviewed this and, with apologies, we are not entirely clear on what it is that Galty N.V. is offering. It could be that in order to resolve the possible claims against it, Galty N.V. would either:

- a) be prepared to offer a return of the portions of the c. CAD \$1.1 million that would not go to Galty N.V. in any event as a creditor with c. 90% of the proven claims (i.e. a payment by Galty N.V. to the estate of c. \$110,000), or
- b) be prepared to waive any further dividends (from the funds currently on hand that were transferred from the Aird & Berlis trust account)

I believe that we had discussed option (a) before, but it's also possible you meant something else entirely.

If you could please clarify for Sheldon and I so that we can take whatever the offer is to the inspectors tomorrow, that would be appreciated.

Feel free to either reply to this, or to make any revisions you wish to your email below as a fresh email.

Thanks, and regards,  
Brendan

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>

**Sent:** August 9, 2021 3:10 PM

**To:** 'Sheldon Title' <[Sheldon.Title@mdp.ca](mailto:Sheldon.Title@mdp.ca)>

**Cc:** Brendan Bissell <[bissell@gsnh.com](mailto:bissell@gsnh.com)>

**Subject:** RE: Galty NV

**Without Prejudice save as to costs**

Dear Sheldon,

Following on from our earlier telephone conversation, I write to confirm, on the understanding that you have already confirmed that the trustee has determined that Mr Seabrook's claim has and remains rejected (and of course, that Galty NV's claim will be accepted), that Galty NV will waive any right to the pro rata amount payable from the proceeds from any successful preference claim that the trustee may make against Galty NV. By way of explanation, were the trustee to bring a claim against Galty NV, the most that the estate would hope to receive would be approximately \$1.1 million (plus costs) (the "**Award**"). On the basis that Seabrook's claim is rejected and that Galty NV's is accepted, this would mean that Galty would receive just over 90% of the Award with the balance being split amongst the other valid creditors (the "**Balance**").

In our capacity as shareholders of Galty NV we confirm that Galty NV will not seek to claim the Balance from whatever is awarded to it and that it consents to the Balance being split amongst those creditors whose claims are accepted. Furthermore, in a spirit of ensuring this matter is resolved as amicably as possible, we confirm agreement to an extension of the Tolling Agreement (due to expire on Wednesday) to Friday 10 September 2021.

Please note that we remain firmly of the view that there is no valid claim for a preference. This offer is made purely as we are keen to ensure that we avoid the situation that yet more litigation is commenced (with the associated lost time and expense).

We look forward to hearing from you.

Yours sincerely

Oliver

**Oliver Egerton-Vernon**

*English Solicitor*

Director

**Garfield-Bennett Trust Company Limited**

First Floor, Durell House, 28 New Street, St. Helier,

Jersey, JE2 3RA

Office: +44 1534 857773

Mobile: +447797782717

Fax: +44 1534 857774

Email: [Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)

Web: [www.garfieldbennett.com](http://www.garfieldbennett.com)



Regulated by the Jersey Financial Services Commission.  
Click [here](#) to read the Garfield-Bennett Trust Company Limited email disclaimer.

---

**From:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>  
**Sent:** 17 February 2021 15:31  
**To:** 'Sheldon Title' <[Sheldon.Title@mdp.ca](mailto:Sheldon.Title@mdp.ca)>  
**Cc:** 'Brendan Bissell' <[bissell@gsnh.com](mailto:bissell@gsnh.com)>  
**Subject:** RE: Galty NV

Dear Sheldon,

I was wondering where you were in relation to your consideration of the proposal below? Following the last meeting, it seemed that there was some agreement as to determining the ART claim earlier. Would you mind letting me have a brief update when you have a chance.

Best

Oliver

**Oliver Egerton-Vernon**  
Director  
English Solicitor

**Garfield-Bennett Trust Company Limited**  
CTV House, La Pouquelaye, St. Helier, Jersey, JE2 3TP  
Office: +44 1534 857773  
Mobile: +44 7797 782 717  
Fax: +44 1534 857774  
Email: [Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)  
Web: [www.garfieldbennett.com](http://www.garfieldbennett.com)

Regulated by the Jersey Financial Services Commission.

Click [here](#) to read the Garfield-Bennett Trust Company Limited email disclaimer

---

**From:** Sheldon Title <[Sheldon.Title@mdp.ca](mailto:Sheldon.Title@mdp.ca)>  
**Sent:** 25 September 2020 17:05  
**To:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>  
**Cc:** 'Brendan Bissell' <[bissell@gsnh.com](mailto:bissell@gsnh.com)>  
**Subject:** RE: Galty NV

Thanks Oliver,

I acknowledge receipt of your September 24<sup>th</sup> email, which we will consider.

Regards,  
Sheldon

**Sheldon Title, CPA, CA, CIRP, LIT**  
SENIOR VICE-PRESIDENT

**DIRECT 416.263.6945**  
FAX 416.323.5240  
CELL 416.573.5320  
111 Richmond Street West  
Suite 300  
Toronto, ON  
M5H 2G4  
[sheldon.title@mnp.ca](mailto:sheldon.title@mnp.ca)  
[mnpdebt.ca](http://mnpdebt.ca)



MNP PROUDLY CELEBRATES THE CANADIAN ENTREPRENEURIAL DRIVE



Member of Praxity, AISBL  
Global Alliance of Independent Firms



---

**From:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>  
**Sent:** September 25, 2020 11:54 AM  
**To:** Sheldon Title <[Sheldon.Title@mnp.ca](mailto:Sheldon.Title@mnp.ca)>  
**Cc:** 'Brendan Bissell' <[bissell@gsnh.com](mailto:bissell@gsnh.com)>  
**Subject:** RE: Galty NV

**CAUTION:** This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.  
**MISE EN GARDE:** Ce courriel ne provient pas du réseau de MNP. Méfiez-vous des liens ou pièces jointes qu'il pourrait contenir.

**Without Prejudice**

Dear Sheldon,

Would it be possible to confirm that you have received the below?

Separately, it may be worth noting that the only liabilities which existed at the time of the transfer were those to: Galty NV, Aird & Berlis, AMI and Anne Marie H (and Seabrook's contingent claim). The other claims were incurred following the transaction. This may make the idea of determining the ART claim in advance of anything else most appropriate. Obviously we are very keen to assist you in administering the estate in the best manner possible.

Best

Oliver

**Oliver Egerton-Vernon**  
Director  
English Solicitor

**Garfield-Bennett Trust Company Limited**  
CTV House, La Pouquelaye, St. Helier, Jersey, JE2 3TP  
Office: +44 1534 857773  
Mobile: +44 7797 782 717  
Fax: +44 1534 857774  
Email: [Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)  
Web: [www.garfieldbennett.com](http://www.garfieldbennett.com)

Regulated by the Jersey Financial Services Commission.

Click [here](#) to read the Garfield-Bennett Trust Company Limited email disclaimer

---

**From:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>  
**Sent:** 24 September 2020 19:26  
**To:** 'Sheldon Title' <[Sheldon.Title@mpn.ca](mailto:Sheldon.Title@mpn.ca)>  
**Subject:** RE: Galty NV

Dear Sheldon,

Thank you for your time yesterday.

Whilst we are of the view that there is no valid claim for a preference we are keen to ensure that we avoid the situation that yet more litigation is commenced. It also seems from your comments that some information is yet to be properly determined by you (such as a determination as to which claimed liabilities existed at the time of the transfer as well as consideration and determination on the various claims advanced).

Given this and your concern that you may be approaching a two year limitation period, we would be willing to seek that Galty NV agrees to a standstill of any preference claim which could be brought against Galty NV at the time of the entry into the Standstill Agreement.

May I ask that you give the above your consideration and that you let us know your thoughts.

Kind regards

Oliver

**Oliver Egerton-Vernon**  
Director  
English Solicitor

**Garfield-Bennett Trust Company Limited**  
CTV House, La Pouquelaye, St. Helier, Jersey, JE2 3TP  
Office: +44 1534 857773  
Mobile: +44 7797 782 717  
Fax: +44 1534 857774  
Email: [Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)  
Web: [www.garfieldbennett.com](http://www.garfieldbennett.com)

Regulated by the Jersey Financial Services Commission.

Click [here](#) to read the Garfield-Bennett Trust Company Limited email disclaimer

---

**From:** Sheldon Title <[Sheldon.Title@mpn.ca](mailto:Sheldon.Title@mpn.ca)>  
**Sent:** 11 September 2020 00:03  
**To:** Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>  
**Subject:** Re: Galty NV

Without prejudice

Hi Oliver,

On March 11, 2019, Galty B.V. made an assignment in bankruptcy

Galty is owned by Galty Investments N.V. (“N.V.”). N.V. is owned by a Brazilian Trust. At a meeting of Galty’s directors, held on July 13, 2017, the Directors authorized Galty transferring the sum of \$1,100,000 from its bank account to the Brazilian Trust. Based on the SOA, N.V. is Galty’s largest unsecured creditor, with a declared claim of \$20,169,128 against Galty. The transfer of \$1,100,000 to the Brazilian Trust (the “**Brazilian Trust Transfer**”) was to be set off against this loan. The monies used to fund payment of this transfer were derived from a corporate tax refund (associated with the taxes withheld by a non-resident on the sale of the Property) paid by Canada Revenue Agency on May 26, 2017 and deposited to Galty’s bank account on July 6, 2017. The Brazilian Trust Transfer occurred on July 14, 2017.

The Bankruptcy and Insolvency Act provides that certain transfers/payments in favour of a creditor who is not operating at arms’ length with the insolvent period is void as against the trustee if it is made during the period beginning on the day that is 12 months before the date of initial bankruptcy event and ending on the date of the bankruptcy. While the Brazilian Trust Transfer occurred outside of this one-year period, the Trustee can resort to provincial property statutes dealing with preferences, such as the Assignments and Preferences Act (Ontario) to challenge the Brazilian Trust Transfer. This legislation provides for a challenge of payments, such as the Brazilian Trust Transfer, “where the transaction with or for a creditor has the effect of giving that creditor a preference over the other creditors of the debtor or over any one or more of them, it shall, in and with respect to any action or proceeding that, within sixty days thereafter, is brought, had or taken to impeach or set aside such transaction, be presumed, in the absence of evidence to the contrary, to have been made with the intent mentioned in subsection (2), and to be an unjust preference within the meaning of this Act whether it be made voluntarily or under pressure.”

The purpose of challenging the Brazilian Trust Transfer would be to have the estate recover the funds for the benefit of all creditors, such that all creditors with proven claims share on a pro rata basis.

Should you have any questions, please call.

Regards,

Sheldon

**Sheldon Title, CPA, CA, CIRP, LIT**  
SENIOR VICE-PRESIDENT

**DIRECT [416.263.6945](tel:416.263.6945)**

FAX [416.323.5240](tel:416.323.5240)

CELL [416.573.5320](tel:416.573.5320)

[111 Richmond Street West](#)

[Suite 300](#)

[Toronto, ON](#)

[M5H 2G4](#)

[sheldon.title@mnp.ca](mailto:sheldon.title@mnp.ca)

[mnpdebt.ca](http://mnpdebt.ca)

[http://cdn.mnp.ca/signature/Lotus\\_Sig\\_mnpltd.jpg](http://cdn.mnp.ca/signature/Lotus_Sig_mnpltd.jpg)" style='position:absolute;margin-left:494pt;margin-top:0;width:150pt;height:120pt;z-index:251658240;mso-wrap-distance-left:0;mso-wrap-distance-top:0;mso-wrap-distance-right:0;mso-wrap-distance-bottom:0;mso-position-horizontal:right;mso-position-horizontal-relative:text;mso-position-vertical-relative:line' o:allowoverlap="f">



Sent from my iPhone

---

**Attention:**

This e-mail is privileged and confidential. If you are not the intended recipient please delete the message and notify the sender. Any views or opinions presented are solely those of the author.

Scanned by Assured Mail Filter

---

Scanned by **Trustwave Secure Email Gateway** - Trustwave's comprehensive email content security solution.

---

This email and any accompanying attachments contain confidential information intended only for the individual or entity named above. Any dissemination or action taken in reliance on this email or attachments by anyone other than the intended recipient is strictly prohibited. If you believe you have received this message in error, please delete it and contact the sender by return email. In compliance with Canada's Anti-spam legislation (CASL), if you do not wish to receive further electronic communications from MNP, please reply to this email with "REMOVE ME" in the subject line.

---

**Attention:**

This e-mail is privileged and confidential. If you are not the intended recipient please delete the message and notify the sender. Any views or opinions presented are solely those of the author.

Scanned by Censornet Mail Filter

---

**Attention:**

This e-mail is privileged and confidential. If you are not the intended recipient please delete the message and notify the sender. Any views or opinions presented are solely those of the author.

Scanned by Censornet Mail Filter

---

## Appendix “F”

**In the Matter of the Bankruptcy of  
Galty B.V.**

**Interim statements of receipts and disbursements  
March 11, 2019 to August 15, 2021**

**Cash Receipts**

Cash in Bank	1,464.27
Transfer of Funds from Aird & Berlis LLP	545,697.47
Funds advanced by MNP Ltd. to estate	710.00
Interest	145.06
<b>Total Cash Receipts</b>	<u>\$ 548,016.80</u>

**Less:**

**Cash Disbursements**

Trustee's fees	41,977.10
Accrued Trustee fees	18,669.00
Accrued Legal fees	54,350.00
OSB Filing Fee	150.00
Advance to be repaid to MNP Ltd.	710.00
HST Paid	15,013.04
Notice of bankruptcy - Newspaper	488.79
<b>Total Disbursements</b>	<u>\$ 131,357.93</u>

<b>Excess of receipts over disbursements</b>	<u>\$ 416,658.87</u>
--	----------------------

Galty BV  
Possible Distribution Scenarios  
26-Aug-21

Creditor	Claim	Scenario 1 - No recovery from Galty NV			Scenario 2- Recovery of \$1.1 million			Difference in Return to Creditors between Scenario 1 and 2	
		Dividend (before levy) if ART claim admitted	Dividend (before levy) if ART is determined to be disallowed	Difference	Dividend (before levy) if ART claim admitted2	Dividend (before levy) if ART is determined to be disallowed2	Difference2	If ART claim admitted	If ART is determined to be disallowed
				-			-	-	-
AMI Business Solutions	204,095.00	3,390.74	3,886.16	495.42	12342.45	14145.8	1,803.35	8,951.71	10,259.64
Anne Marie Heinrichs	256,755.00	4,265.61	4,888.85	623.24	15527.01	17795.65	2,268.64	11,261.40	12,906.80
Bennett Jones LLP	600,909.11	9,983.22	11,441.86	1,458.64	36339.41	41648.93	5,309.52	26,356.19	30,207.07
Galty Investments NV	20,670,439.00	343,408.84	393,584.03	50,175.19	1250025.17	1432665.31	182,640.14	906,616.33	1,039,081.28
Garfield Bennett	40,335.26	670.11	768.02	97.91	2439.24	2795.63	356.39	1,769.13	2,027.61
La Hogue	12,573.08	208.88	239.40	30.52	760.35	871.44	111.09	551.47	632.04
Local Corporation Management	97,188.32	1,614.64	1,850.55						
				235.91	5877.37	6736.11	858.74	4,262.73	4,885.56
Victor M. Seabrook et al	3,197,203.86	53,116.83	-	- 53,116.83	193347.87	0	- 193,347.87	140,231.04	-
	25,079,498.63	416,658.87	416,658.87	-	1516658.87	1516658.87	-	1,100,000.00	1,100,000.00
Payment to non-Galty NV creditors				-				193,383.67	60,918.72

## Appendix "G"

In the matter of the bankruptcy of  
Galty B.V.  
having its head office in the City of Amsterdam, Netherlands

MINUTES OF THE MEETING OF INSPECTORS

Minutes of the meeting (the "**Meeting**") of Inspectors held via telephone conference call on August 30, 2021 at 10 AM.

Present:

Sheldon Title ("**ST**")

Masiel Matus ("**MM**")

Anne Marie Heinrichs ("**AM**")

Maureen Ward ("**MW**")

Brendan Bissell ("**BB**")

Representing

Trustee

Inspector

Inspector

Inspector

Trustee's legal counsel

Regrets:

Oliver Egerton-Vernon ("**OEV**")

Inspector (due to conflict)

Ron Chapman ("**RC**")

Inspector

Meeting Called to Order

The Trustee advised that there was a quorum, and the Meeting was called to order. ST acted as the Chairperson for the Meeting. The Trustee had expected RC's participation in the Meeting and the Trustee's counsel attempted to call RC but could not reach him. Given there was a quorum, the Meeting resumed.

Agenda

Prior to the Meeting, the Trustee circulated to the Inspectors an interim statement of receipts and disbursements ("**SRD**") and a table detailing possible distribution scenarios in respect of the funds available for distribution.

The Trustee advised the Inspectors that the sole agenda item was to consider Galty Investments N.V. ("**NV**")'s proposed offer relating to Galty BV's potential preferential payment in the amount of \$1.1 million (the "**Brazilian Trust Transfer**") to NV. On August 27, 2021, the Trustee's counsel had also circulated to the Inspectors NV's proof of claim.

Settlement Offer

The Trustee briefly reviewed with the Inspectors the materials distributed to the Inspectors in advance of the meeting.

The Trustee's counsel noted to the Inspectors that the tolling agreement entered into between the Trustee and NV expires on September 11, 2021. The Trustee was now in receipt of a formal offer to resolve the Brazilian Trust Transfer whereby N.V. would return to the estate the portions of the Brazilian Trust Transfer that would not have gone to N.V. in any event under a distribution to creditors (the "**Terms of Settlement**"). The mechanism for recovering the funds from NV would likely be by way of a deduction from its dividend. The Proposed NV Settlement is predicated on the Trustee's acceptance of NV's proof of claim.

The Trustee's counsel further advised that the estate could make a claim against NV, and if there is no settlement, the Trustee would offer the claim to the creditors by way of a s.38 Bankruptcy and Insolvency Act ("**BIA**") assignment. The claim against NV will become statute barred once the tolling agreement expires. The estate is without sufficient funds to litigate the matter, particularly given the litigation would be initiated in Canada and may also involve litigation in a foreign jurisdiction as NV has no assets in Canada. In this instance, one or more creditors could pick the action up in their own name.

While the mechanics of implementing the Terms of Settlement are not detailed, the correspondence from NV suggests that the settlement would be paid by way of deduction from NV's distribution from the estate. The Inspectors asked if Galty NV agreed to waive all entitlement to a distribution; which it has not.

The Inspectors asked if the Trustee had accepted NV's proof of claim. The Trustee advised that it has accepted the claim. Discussion ensued as to the rights provided by the BIA for creditors to apply to Court to reduce or expunge a proof of claim if a trustee declines to interfere in the matter.

The Trustee's counsel advised that the downside to not deciding on Terms of Settlement is that it involves the necessity to extend the tolling agreement and raises questions whether NV's refusal to extend the tolling agreement necessitates having to initiate a claim against NV. MW noted the Terms of Settlement appear to be an efficient way to deal with the matter.

A discussion ensued concerning the interplay of ART's claim and the Galty NV claim, which was noted as being beyond the scope of the Trustee's purview. The Inspectors asked if ART had a cost award against Galty and were advised if such a cost award exists it was not included as part of ART's proof of claim.

After discussion, the Inspectors voted on the Terms of Settlement. AM and MW voted in favour of the Terms of Settlement. MM voted against the Terms of Settlement. The majority of Inspectors voted in favour of the Terms of Settlement,

### **Termination**


There being no further business, the Meeting was terminated 10:53 AM.

Dated at Toronto, Ontario this 30th day of September, 2021.

### **MNP Ltd.**

*Trustee of the Estate of Galty B.V.*

Per:

  
\_\_\_\_\_  
Sheldon Title

Approved by:

\_\_\_\_\_  
Maureen Ward

\_\_\_\_\_  
Anne Marie Heinrichs

\_\_\_\_\_  
Masiel Matus



## **Appendix “H”**

---

**From:** Brendan Bissell <bissell@gsnh.com>  
**Sent:** September 30, 2021 6:17 PM  
**To:** Ronald Chapman  
**Cc:** Masiel Matus; Maureen Ward; Anne Marie Heinrichs; Oliver Egerton-Vernon; Sheldon Title  
**Subject:** RE: bankruptcy of Galty B.V.

**CAUTION:** This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.  
**MISE EN GARDE:** Ce courriel ne provient pas du réseau de MNP. Méfiez-vous des liens ou pièces jointes qu'il pourrait contenir.

Ron: Among the possible results here is that Anne Marie was not entitled to vote on the proposed settlement with Galty N.V., which would then mean that there was a 1:1 tie as between Maureen and Masiel among the inspectors who were at the Aug. 30 meeting. In that case, your opinion should be sought to break the tie even though you were not at the meeting (see s. 117(2) of the BIA).

Could you therefore please advise what your opinion on the proposed settlement with Galty N.V is, please?

Thanks, and regards,  
Brendan

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Brendan Bissell  
**Sent:** September 21, 2021 5:54 PM  
**To:** Anne Marie Heinrichs <amheinrichs@amibsc.com>; Ronald Chapman <ronaldchapman@lawchambers.com>; Masiel Matus <mmatus@agmlawyers.com>; Maureen Ward <WardM@bennettjones.com>; Oliver Egerton-Vernon <Oliver.Egerton-Vernon@garfieldbennett.com>  
**Cc:** Sheldon Title (sheldon.title@mnp.ca) <sheldon.title@mnp.ca>  
**Subject:** RE: bankruptcy of Galty B.V.

Anne Marie: The possible issues identified by the trustee on the vote are the following:

1. We had 3 of 5 inspectors at the meeting. They were you, Maureen and Masiel. Oliver was recused from attending and Ron did not attend for some reason (despite earlier saying he was available and despite my call to him at the beginning of the meeting to try to find him).
2. It is not clear that you should have been present, or at least voting, at the meeting for the reasons previously noted. So getting court direction on that would be important.

3. If you should not have been voting at the motion, then how the votes of the remaining inspectors (Maureen in favour, Masiel against) should be considered would require direction as well. Among the issues there is that if you should not have been voting then there would only have been two inspectors present out of 5, which may not have been a quorum. There is no authority on the question of what happens to the quorum required for inspectors, which is normally a majority of them, if some of the inspectors are recused. In that case, it is possible that the quorum would only be calculated as against the non-recused inspectors (so a majority of 3 in this case if you and Oliver were recused), or remains against the total (i.e. 5). If the latter, then the inspector vote did not matter.

Given those issues, the trustee feels that getting direction before it takes any affirmative steps is the best approach. Also, and as I noted in the email below, if for some reason the inspector approval is not valid, the trustee is also going to be asking that the court approve the settlement itself. The court can do so even in spite of inspector opposition (if so inclined).

I hope that helps?

Regards,  
Brendan

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Anne Marie Heinrichs <[amheinrichs@amibsc.com](mailto:amheinrichs@amibsc.com)>

**Sent:** September 21, 2021 4:23 PM

**To:** Brendan Bissell <[bissell@gsnh.com](mailto:bissell@gsnh.com)>; Ronald Chapman <[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)>; Masiel Matus <[mmatus@agmlawyers.com](mailto:mmatus@agmlawyers.com)>; Maureen Ward <[WardM@bennettjones.com](mailto:WardM@bennettjones.com)>; Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>

**Subject:** RE: bankruptcy of Galty B.V.

I'm a little confused as to why the vote would not be valid. You had quorum and a vote was taken. Why are we spending additional funds to now do it again?

**Anne Marie Heinrichs**  
President

+1 519 894 6929 x222



This message originates from AMI Business Solutions and may contain confidential and privileged information which is private and protected by law. This information is intended for the addressee only and if you are not the addressee, the disclosure, distribution or use of its contents is prohibited. Please advise Anne Marie Heinrichs immediately of any error in the transmission.

---

**From:** Brendan Bissell <[bissell@gsnh.com](mailto:bissell@gsnh.com)>

**Sent:** September 21, 2021 4:09 PM

**To:** Ronald Chapman <[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)>; Masiel Matus <[mmatus@agmlawyers.com](mailto:mmatus@agmlawyers.com)>; Anne Marie Heinrichs <[amheinrichs@amibsc.com](mailto:amheinrichs@amibsc.com)>; Maureen Ward <[WardM@bennettjones.com](mailto:WardM@bennettjones.com)>; Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>

**Subject:** Re: bankruptcy of Galty B.V.

Dear inspectors: The trustee has been considering the approval given on the Aug. 30 meeting of inspectors to proceed with the proposed settlement with Galty N.V. regarding the potential claim that the estate of the bankrupt has against it.

The trustee is of the view that it should seek direction from a judge by motion on whether the approval given by the inspectors is valid or not, and if not whether the court should approve the trustee entering into the settlement (which the trustee does recommend).

The court has advised that it has time on Fri. Oct. 8 for such a motion by the trustee.

Please advise whether that day is available for you if you may wish to appear on or make submissions on that motion.

Thank you and regards,

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Brendan Bissell <bissell@gsnh.com>  
**Sent:** October 4, 2021 3:16 PM  
**To:** Ronald Chapman  
**Cc:** Sheldon Title  
**Subject:** RE: bankruptcy of Galty B.V.  
**Attachments:** re: bankruptcy of Galty B.V.

**CAUTION:** This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.  
**MISE EN GARDE:** Ce courriel ne provient pas du réseau de MNP. Méfiez-vous des liens ou pièces jointes qu'il pourrait contenir.

Hi Ron: Thanks for your email. The terms of the settlement were set out at the bottom of my email of August 11, 2021 to you, Masiel, Maureen and Anne Marie. I'm attaching that again here for ease of reference.

I should also note, however, that your reference to seeking instructions is concerning. As noted in the Trustee's First Report to the Court dated February 27, 2020, your appointment as inspector is in a personal capacity with fiduciary obligations to the entire group of creditors of the bankrupt and is not supposed to be on the basis of representing your client. This dynamic is all the more problematic because your client would be precluded from being an inspector himself by virtue of BIA s. 116(2) since he is involved in litigation against the estate.

Regards,

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Ronald Chapman <ronaldchapman@lawchambers.com>  
**Sent:** October 4, 2021 10:01 AM  
**To:** Brendan Bissell <bissell@gsnh.com>  
**Subject:** RE: bankruptcy of Galty B.V.

77/383

I have your e-mail dated September 30,2021.

Please advise as to the terms of the settlement and I will seek instructions.

**Ronald G. Chapman**  
Barrister  
Law Chambers, Suite 2200  
181 University Avenue  
Toronto, Ontario M5H 3M7

Tel: (416) 601-1945  
Fax: (416) 601-9984  
[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)

---

**From:** Brendan Bissell ([bissell@gsnh.com](mailto:bissell@gsnh.com)) [<mailto:bissell@gsnh.com>]  
**Sent:** Thursday, September 30, 2021 6:17 PM  
**To:** Ronald Chapman <[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)>  
**Cc:** Masiel Matus <[mmatus@agmlawyers.com](mailto:mmatus@agmlawyers.com)>; Maureen Ward <[WardM@bennettjones.com](mailto:WardM@bennettjones.com)>; Anne Marie Heinrichs <[amheinrichs@amibsc.com](mailto:amheinrichs@amibsc.com)>; Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>; Sheldon Title ([sheldon.title@mnp.ca](mailto:sheldon.title@mnp.ca)) <[sheldon.title@mnp.ca](mailto:sheldon.title@mnp.ca)>  
**Subject:** RE: bankruptcy of Galty B.V.

Ron: Among the possible results here is that Anne Marie was not entitled to vote on the proposed settlement with Galty N.V., which would then mean that there was a 1:1 tie as between Maureen and Masiel among the inspectors who were at the Aug. 30 meeting. In that case, your opinion should be sought to break the tie even though you were not at the meeting (see s. 117(2) of the BIA).

Could you therefore please advise what your opinion on the proposed settlement with Galty N.V is, please?

Thanks, and regards,  
Brendan

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Brendan Bissell  
**Sent:** September 21, 2021 5:54 PM  
**To:** Anne Marie Heinrichs <[amheinrichs@amibsc.com](mailto:amheinrichs@amibsc.com)>; Ronald Chapman <[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)>; Masiel Matus <[mmatus@agmlawyers.com](mailto:mmatus@agmlawyers.com)>; Maureen Ward <[WardM@bennettjones.com](mailto:WardM@bennettjones.com)>; Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>

**Cc:** Sheldon Title ([sheldon.title@mnp.ca](mailto:sheldon.title@mnp.ca)) <[sheldon.title@mnp.ca](mailto:sheldon.title@mnp.ca)>

**Subject:** RE: bankruptcy of Galty B.V.

Anne Marie: The possible issues identified by the trustee on the vote are the following:

1. We had 3 of 5 inspectors at the meeting. They were you, Maureen and Masiel. Oliver was recused from attending and Ron did not attend for some reason (despite earlier saying he was available and despite my call to him at the beginning of the meeting to try to find him).
2. It is not clear that you should have been present, or at least voting, at the meeting for the reasons previously noted. So getting court direction on that would be important.
3. If you should not have been voting at the motion, then how the votes of the remaining inspectors (Maureen in favour, Masiel against) should be considered would require direction as well. Among the issues there is that if you should not have been voting then there would only have been two inspectors present out of 5, which may not have been a quorum. There is no authority on the question of what happens to the quorum required for inspectors, which is normally a majority of them, if some of the inspectors are recused. In that case, it is possible that the quorum would only be calculated as against the non-recused inspectors (so a majority of 3 in this case if you and Oliver were recused), or remains against the total (i.e. 5). If the latter, then the inspector vote did not matter.

Given those issues, the trustee feels that getting direction before it takes any affirmative steps is the best approach. Also, and as I noted in the email below, if for some reason the inspector approval is not valid, the trustee is also going to be asking that the court approve the settlement itself. The court can do so even in spite of inspector opposition (if so inclined).

I hope that helps?

Regards,  
Brendan

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

---

**From:** Anne Marie Heinrichs <[amheinrichs@amibsc.com](mailto:amheinrichs@amibsc.com)>

**Sent:** September 21, 2021 4:23 PM

**To:** Brendan Bissell <[bissell@gsnh.com](mailto:bissell@gsnh.com)>; Ronald Chapman <[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)>; Masiel Matus <[mmatus@agmlawyers.com](mailto:mmatus@agmlawyers.com)>; Maureen Ward <[WardM@bennettjones.com](mailto:WardM@bennettjones.com)>; Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>

**Subject:** RE: bankruptcy of Galty B.V.

I'm a little confused as to why the vote would not be valid. You had quorum and a vote was taken. Why are we spending additional funds to now do it again?

**Anne Marie Heinrichs**

President

+1 519 894 6929 x222



This message originates from AMI Business Solutions and may contain confidential and privileged information which is private and protected by law. This information is intended for the addressee only and if you are not the addressee, the disclosure, distribution or use of its contents is prohibited. Please advise Anne Marie Heinrichs immediately of any error in the transmission.

---

**From:** Brendan Bissell <[bissell@gsnh.com](mailto:bissell@gsnh.com)>

**Sent:** September 21, 2021 4:09 PM

**To:** Ronald Chapman <[ronaldchapman@lawchambers.com](mailto:ronaldchapman@lawchambers.com)>; Masiel Matus <[mmatus@agmlawyers.com](mailto:mmatus@agmlawyers.com)>; Anne Marie Heinrichs <[amheinrichs@amibsc.com](mailto:amheinrichs@amibsc.com)>; Maureen Ward <[WardM@bennettjones.com](mailto:WardM@bennettjones.com)>; Oliver Egerton-Vernon <[Oliver.Egerton-Vernon@garfieldbennett.com](mailto:Oliver.Egerton-Vernon@garfieldbennett.com)>

**Subject:** Re: bankruptcy of Galty B.V.

Dear inspectors: The trustee has been considering the approval given on the Aug. 30 meeting of inspectors to proceed with the proposed settlement with Galty N.V. regarding the potential claim that the estate of the bankrupt has against it.

The trustee is of the view that it should seek direction from a judge by motion on whether the approval given by the inspectors is valid or not, and if not whether the court should approve the trustee entering into the settlement (which the trustee does recommend).

The court has advised that it has time on Fri. Oct. 8 for such a motion by the trustee.

Please advise whether that day is available for you if you may wish to appear on or make submissions on that motion.

Thank you and regards,

**R. Brendan Bissell**



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | [www.gsnh.com](http://www.gsnh.com)

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | [jones@gsnh.com](mailto:jones@gsnh.com)

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).



Virus-free. [www.avast.com](http://www.avast.com)



**IN THE MATTER OF THE BANKRUPTCY  
OF GALTY B.V., HAVING ITS HEAD OFFICE IN THE CITY OF AMSTERDAM, NETHERLANDS**

---

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

---

**SECOND REPORT TO THE COURT**

---

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
Toronto, ON M5G 1V2

**R. Brendan Bissell**  
**LSO #: 40354V**  
Tel: 416-597-6489  
Fax: 416-597-3370

Lawyers for the Trustee, MNP Ltd.