

Court File No.: CV-22-00684100-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

B E T W E E N:

CANADIAN WESTERN BANK

Applicant

and

2722959 ONTARIO INC. AND 2156775 ONTARIO INC.

Respondent

FIRST REPORT OF THE RECEIVER
DATED MAY 03, 2023

I. PURPOSE OF THIS REPORT

1. This First Report dated April 28, 2023 (this “**First Report**”) is filed by MNP Ltd. (the “**Receiver**”), in its capacity as investigatory and non-possessory receiver of 2722959 Ontario Inc. (“**272**”) and 2156775 Ontario Inc. o/a D’Angelo Brands (“**215**”, and, together with 272, hereinafter collectively referred to as the “**Debtors**”) as appointed by order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated November 3, 2022 (the “**Appointment Order**”).
2. The purpose of this First Report is to report to the Court and stakeholders on the Receiver’s preliminary findings with respect to the state of the Debtors’ affairs and estates.

II. SOURCES

3. In preparing this First Report, the Receiver has relied on information from and/or discussions and correspondence with the following main sources among others:
 - a. the application record and amended application record of Canadian Western Bank (“**CWB**”), respectively dated July 15, 2022 and September 23, 2022, with respect to CWB’s application for the appointment of the Receiver (the “**Application**”), including the affidavit of Rod Randall sworn July 14, 2022, the supplementary affidavit of Rod Randall sworn September 2, 2022, and the exhibits thereto;
 - b. the Debtors’ responding application record dated October 18, 2022, including the affidavit of Mr. Frank D’Angelo (“**Mr. D’Angelo**”) dated October 18, 2022 and the exhibits thereto;
 - c. Mr. D’Angelo and his lawyers;

- d. Feldstein & Associates LLP and Warren Feldstein, accountants, formerly retained by the Debtors, including the working papers relating to the preparation of the Debtors' financial statements;
- e. the Canada Revenue Agency ("**CRA**");
- f. the Ontario Ministry of Labour ("**MOL**");
- g. iWebCorporate Solutions and Mike Carvajal, who provided information technology (IT) services to the Debtors including server hosting and backups;
- h. Suzanne Kekely, a former consultant to the Debtors and a former employee of CWB;
- i. Rovinelli Holdings Ltd., a former landlord of 215 in respect of 215's leased premises at 4544 Eastgate Parkway, Mississauga, Ontario ("**4544 Eastgate**"), including the affidavit of Eugene Rovinelli sworn September 2, 2022, and the exhibits thereto, filed in respect of the Application;
- j. Eastgate Group Inc. and Dodson-Lesmark Partnership, each of which are also former landlords of 215 in respect of 215's leased premises at located at 4500 Eastgate Parkway, Mississauga, Ontario ("**4500 Eastgate**", and together with 4544 Eastgate, the "**Eastgate Premises**") and 5901A Tomken Road, Mississauga (the "**Tomken Premises**") (together with Rovinelli Holdings Ltd., the "**Landlords**" and the premises leased by 215 from the Landlords are collectively referred to as the "**Leased Premises**");
- k. Sterling Bailiffs Inc. ("**Sterling Bailiffs**") and Associated Bailiffs & Co. Ltd., bailiffs retained by the Landlords with respect to the termination of the leases for the Leased Premises;

- l. the transcripts of CWB’s examination of Mr. D’Angelo, conducted on October 28, 2022 (the “**D’Angelo Transcripts**”); and
 - m. publicly available information, such as the Ontario *Personal Property Security Act* (“**PPSA**”) Registry, internet searches, etc.
4. Except as specifically described in this First Report, the Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy and completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountant’s Handbook.

III. BACKGROUND AND RECEIVER’S ACTIVITIES LEADING TO THIS FIRST REPORT

A. The Parties

- i. CWB
5. CWB is a secured creditor of 272 pursuant to a general security agreement dated April 5, 2022. The Receiver obtained a security opinion from its independent counsel, Reconstruct LLP, confirming that, subject to normal assumptions and qualifications, such security interest is valid and enforceable, and would be effective against a trustee-in-bankruptcy of 272.
6. CWB does not have a registered security interest against 215. However, a central issue in this receivership is the apparent transfer of assets from 215 to 272, and the resulting consequences in respect of CWB’s security entitlement. Given these allegations in respect to the transfer of assets, 215 was added as a respondent and debtor subject to these receivership proceedings.

ii. The Debtors

7. The Debtors operated beverage products manufacturing and distribution businesses until approximately May 12, 2022, when they ceased any business activities.
8. 272 is a corporation incorporated in October 2019 under the Ontario *Business Corporations Act*. 272's sole shareholder, officer and director is Ms. Gemma Runaghan ("**Ms. Runaghan**"). The Receiver understands that Ms. Runaghan is Mr. D'Angelo's common law spouse.
9. 215 is a corporation incorporated in December 2007 under the Ontario *Business Corporations Act*. 215's sole officer and director is Mr. D'Angelo.
10. The Receiver understands that Mr. D'Angelo is the Debtors' directing mind.

B. The initial application to appoint the Receiver and the Action against CWB

11. CWB brought an application for the appointment of the Receiver, originally returnable on July 26, 2022 (the "**Receivership Application**").
12. Prior to the return of the Receivership Application, Mr. D'Angelo, Ms. Runaghan and 272 brought an action against CWB seeking general damages of \$250,000,000, punitive damages of \$30,000,000, and special damages "in an amount to be determined prior to trial" (the "**Action**"). The plaintiffs allege in the Action, among other things, that CWB caused them damages as a result of certain misrepresentations. CWB is defending the Action.

C. The Endorsement and the Receiver's collection and safeguarding of documents and information pursuant to the Endorsement

13. On September 12, 2022, the Court made an endorsement on consent regarding the preservation of records of the Debtors pending the hearing on the merits of the

Receivership Application, which application was adjourned to November 3, 2022 (the “**Endorsement**”).

14. The Endorsement includes, among other things, a direction to the Receiver to collect and safeguard, but not organize or review, information and records of the Debtors, whether in physical or electronic form or otherwise. A copy of the Endorsement is attached as **Appendix “A”**.
15. The facts underlying the necessity for the Endorsement are further set out in the Proposed Receiver’s Report. They include lease termination and distress processes undertaken by the Landlords with respect to the Leased Premises, which commenced prior to the appointment of the Receiver (the “**Distress Processes**”). A copy of the Proposed Receiver’s Report, without appendices, is attached as **Appendix “B”**.
16. As more fully set out in the Proposed Receiver’s Report, the Receiver has collected and safeguarded information and documents with respect to the Debtors in accordance with the Endorsement. Among other things, the Receiver collected and safeguarded approximately 462 boxes of documents and papers found by the Receiver in a complete pell-mell state at the Leased Premises (the “**Paper Files**”), as well as electronic documents and information. Those remain under the Receiver’s protection under the Appointment Order.

D. The Appointment Order

17. The Court granted the Appointment Order on the November 3, 2022. A copy of the Appointment Order is attached as **Appendix “C”**.
18. Paragraph 4(m) of the Appointment Order orders, among other things, that the Receiver *“inquire into and report to the Court on the financial condition of 272 and 215, and the Property, and any material adverse developments relating to the financial condition of 272 and 215, and/or the Property”*.

19. The Appointment Order further grants the Receiver wide powers for the collection and safeguarding of documents, records and information with respect to the Debtors, whether in physical or electronic form or otherwise. In accordance with such powers, the Receiver may request documents and information from third parties such as, without limitation, Mr. D'Angelo and Ms. Runaghan, as well as the accountants and other former service providers of the Debtors, subject to privilege.

E. The Receiver's activities since the appointment order

20. Since the Appointment Order, the Receiver continued to work on the collection and safeguarding of documents, records and information with respect to the Debtors, including through requests to third parties.
21. The Receiver corresponded with Mr. D'Angelo and his counsel regarding seeking delivery of the email and text messages, culminating in Mr. D'Angelo providing to the Receiver certain emails that date back to 2020.
22. However, among other things, and notwithstanding numerous requests to Mr. D'Angelo and his lawyers, the Receiver has not been provided with a forensic copy¹ of the Debtors' electronic records.
23. As set out in the Proposed Receiver's Report, the Debtors provided to the Receiver a link to access certain electronic records, but the link did not provide a forensic copy of the Debtors' records. As noted in the Proposed Receiver's Report, "*in order to properly preserve the electronic records, the Receiver is of the view that a mirror copy of the totality of the Accountmate data was necessary so as to ensure that it could not be altered. However, without administrator access, this was not possible, with the result that the Accountmate data (and therefore financial information) remains outside of the Receiver's control and at risk of voluntary or involuntary alteration or loss.*"

¹ A forensic image is an electronic copy of a drive (e.g. a hard drive, USB, etc) that is a file that is an exact, unaltered copy of the media being duplicated.

24. On December 12, 2022, counsel to the Receiver wrote to the Debtors' and Mr. D'Angelo's lawyers advising of their failure to produce the electronic records in accordance with the Appointment Order, and putting them on notice to do so by no later than January 10, 2023. To date, the Debtors and Mr. D'Angelo have failed to satisfy the Receiver's requests in accordance with the Appointment Order.
25. Accordingly, any analysis as discussed below is therefore subject to the Receiver's obtaining and reviewing a forensic copy of the Debtors' electronic records and subject to carrying out a more fulsome review, if necessary, of the electronic messages provided by the Debtors.

IV. STATE OF 215's AFFAIRS AND ESTATE

A. 215's Financial Results up to February 4, 2021; Receiver's comments and findings on same

26. Based on the financial statements received from the Debtors², below is a summary of 215's unaudited financial results for the period January 1, 2016, to February 4, 2021 (the "Period"):

	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	February 4, 2021
	\$	\$	\$	\$	\$	\$
Sales	36,564,189	28,134,868	35,000,643	31,095,209	23,214,513	1,225,141
Cost of Goods Sold	-35,457,763	-30,746,112	-23,658,547	-20,745,419	-10,221,563	-636,935
Gross Margin	1,106,426	-2,611,244	11,342,096	10,349,790	12,992,950	588,206
Gross Margin as a percentage of sales	3%	-9%	32%	33%	56%	48%
Other Income/Foreign Exchange	0	0	0	0	146,665	681,799
Expenses	-7,522,480	-11,711,871	-17,232,710	-17,159,568	-12,653,022	-1,431,394
Loss before income taxes and impairment of advances to/investments in related parties	-6,416,054	-14,323,115	-5,890,614	-6,809,778	486,593	-161,389
Impairment of advances to/investments in related parties	0	0	0	0	-16,618,521	-66,769
Recovery of income taxes	0	-4,945	0	0	5,729	
Net Loss	-6,416,054	-14,318,170	-5,890,614	-6,809,778	-16,126,199	-228,158

² Based on externally prepared unaudited financial statements provided by Feldstein & Associates LLP.

27. The financial results of 215 for the Period disclose the following facts:
- a. 215 suffered losses from operations (loss before income taxes and impairment of advances to/investment in related parties) in each year in the Period, except the year ending December 31, 2020;
 - b. 215's revenues decreased significantly after December 31, 2019;
 - c. 215 qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs. 215 received \$2.6 million under the CEWS and approximately \$296,000 under the CERS in 2020. The increase in 215's gross margin during the 2020 and 2021 is attributable in part to the CEWS funds received;
 - d. 215's losses for the years 2016 to 2018 were funded by advances from Sherfam Inc. ("Sherfam"). It is the Receiver's understanding that Sherfam is a family holding company of the Barry Sherman estate; and
 - e. After Sherfam stopped making advances to 215 in 2018, 215 started stretching payment of its accounts payable, including defaulting on its remittances of harmonized sales tax ("HST").

B. Balance sheet up to February 4, 2021

28. Below is a summary of 215's balance sheet as at December 31 of each year from 2016 to 2020, and as at February 4, 2021:³

³ Based on externally prepared unaudited financial statements provided by Feldstein & Associates LLP.

	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	February 4, 2021
Assets	\$	\$	\$	\$	\$	\$
Current Assets						
Cash	0	0	0	4	0	0
A/R	464,656	444,453	1,539,424	1,063,312	1,999,488	1,561,577
Inventory	4,847,540	5,315,492	3,491,809	3,703,126	4,605,367	4,594,651
Prepaid expenses	379,122	378,624	642,165	708,165	276,140	276,140
Advances to/investments in related parties	14,147,623	12,524,558	13,960,716	15,942,372	0	0
Income tax receivable	0	4,945	0	0	5,729	5,729
Total Current Assets	19,838,941	18,668,072	19,634,114	21,416,979	6,886,724	6,438,097
Property Plant and Equipment						
Auto	0	0	138,999	138,999	138,999	138,999
Furniture and Fixtures	0	0	158,452	158,452	158,452	158,452
Equipment	3,475,610	2,853,435	13,232,750	13,636,335	13,636,335	13,636,335
Accumulated depreciation	0	0	-11,105,267	-11,745,267	-11,964,067	-11,980,484
Total PPE	0	0	2,424,934	2,188,519	1,969,719	1,953,302
Total Assets	23,314,551	21,521,507	22,059,048	23,605,498	8,856,443	8,391,399
Liabilities						
Current liabilities						
Bank indebtedness	259,122	30,865	9,143	0	4,346	79,594
A/P and accruals	11,262,761	10,228,462	12,879,131	21,267,796	22,648,466	22,248,477
Deferred revenue	37,492	0	0	0	0	0
Current portion of long term debt	15,635	30,696	0	0	0	0
Loans payable	461,758	172,987	0	26,722	0	0
Advance from related party	489,479	464,807	0	0	0	0
Due to shareholders	102,096,831	116,205,090	120,670,473	120,682,333	120,701,183	120,789,038
Total current liabilities	114,623,078	127,132,907	133,558,747	141,976,851	143,353,995	143,117,109
Loans	0	0	61,876	0	0	0
Long term debt	44,264	59,561	0	0	0	0
Common shares	101	101	101	101	101	101
Deficit	-91,352,892	-105,671,062	-111,561,676	-118,371,454	-134,497,653	-134,725,811
	23,314,551	21,521,507	22,059,048	23,605,498	8,856,443	8,391,399

i. Assets

Related-party loans and investments written off

29. The balance sheet evidences the following facts with respect to related party loans and investments made by 215:
- a. 215 invested and/or extended loans in the total amount of approximately \$2,500,000 in related companies during the Period (the “**215 Investments and Loans Receivable**”). The financial statements note that such entities are related to Mr. D’Angelo;
 - b. 215 reported that prior to being written-off, the 215 Investments and the Loans Receivable had accumulated to \$16,686,571;

- c. In the year ending on December 31, 2020, 215 wrote off the 215 Investments and Loans Receivable thereby eliminating these assets from 215's balance sheet. The Receiver understands that 215 believed that there was no reasonable prospect of collection or prospect of a dividend on the 215 Investments and Loans Receivable; and
- d. The financial records provided to the Receiver do not allow the Receiver to confirm whether any value may be ascribed to the 215 Investments and the Loans Receivable as of the date of this First Report.

Tangible assets

- 30. The balance sheet and other related information evidence the following facts with respect to tangible assets, other than inventory:
 - a. Until February 1, 2021, 215 held tangible assets, other than inventory, generally consisting of manufacturing equipment, furniture, and vehicles (the "**215 Assets**");
 - b. Based on a representation letter issued by 272 and addressed to Feldstein & Associates LLP dated January 12, 2022 (signed by Ms. Runaghan on behalf of 272) (the "**Representation Letter**"), "*215 transferred the business operations to [272] on February 1, 2021. 215 entered into a transaction whereby it sold certain assets to 272.*" (the "**215-272 Asset Transfer**") A copy of the Representation Letter is attached as **Appendix "D"**;

- c. At the time of the 215-272 Asset Transfer, 215 appears to be balance sheet insolvent;⁴
- d. According to the information set out in the Representation Letter, by way of the 215-272 Asset Transfer, 272 acquired the 215 Assets for \$11,214,598, and 272 acquired 215's then-inventory (together with the 215 Assets, collectively referred to as the "**Transferred Assets**") for \$500,000;
- e. According to the information set out in the Representation Letter and financial statements, there does not appear to be an exchange of cash or other tangible consideration provided by 272 to 215 in exchange for the Transferred Assets. The Receiver is not in the possession of any information indicating that any cash or other tangible value was ever received by 215 from 272 in connection with the 215-272 Asset Transfer. Moreover, the Receiver requested from Mr. D'Angelo and his counsel the Debtors' minute books and is advised that the minute books may be located within the Paper Files;
- f. 272 did not assume responsibility for 215's accounts payable or other liabilities of 215 as part of the 215-272 Asset Transfer;
- g. The Receiver understands that the 215 Assets remained on the Leased Premises following the occurrence of the 215-272 Asset Transfer and

⁴ Under the Bankruptcy and Insolvency Act, an insolvent person means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and (a) who is for any reason unable to meet his obligations as they generally become due, (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or (c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.

remained on the Leased Premises at the time that the Landlords exercised their distraint or termination rights in or around May and June 2022;

- h. The Endorsement provided that *“it is agreed by all parties, and I so order that if equipment and inventory is sold by the landlord, as the parties agree may be the most advantageous result, the proceeds will remain in trust as proposed by the landlord pending consent of all parties or further order of the Court.”* This portion of the Endorsement related to the Transferred Assets situated at 4500 Eastgate (the **“Eastgate Transferred Assets”**);
- i. The proceeds of sale from the Eastgate Transferred Assets were required to be held in trust pursuant to the direction of the Court;
- j. The Distress Processes, including an auction process conducted by Sterling Bailiffs for the Eastgate Transferred Assets generated net proceeds of \$370,600.45, including \$52,000 in HST (the **“Asset Liquidation Amount”**);
- k. In accordance with the Endorsement, the Asset Liquidation Amount is held in trust by counsel to Eastgate Group Inc. in an interest-bearing account bearing interest at the rate of 4.2% per annum; and
- l. As a result of the above, the Receiver believes that the fair value which may be attributed to the 215 Assets, other than inventory, as of the date of this First Report, is likely equal to the Asset Liquidation Amount.

Inventory

- 31. The balance sheet and other related information of 215 evidence the following facts with respect to the inventory:

- a. The Receiver understands that 215 stored all of its inventory consisting of beverage product and other ingredients and materials at the Leased Premises. Utilities were discontinued from the Leased Premises on or around May 12, 2022 due to unpaid bills.⁵ The Receiver understands that any inventory located at the Leased Premises at the time of the Distress Processes was spoiled, liquidated or otherwise disposed of as part of the Distress Processes. Arizona Beverages USA LLC (“**Arizona**”) required the return of its owned inventory located at the Leased Premises.
- b. Arizona has asserted rights to its inventory located at the Leased Premises and liquidated through the Distress Processes.
- c. Langer Juice Co. Inc. (“**Langer**”), with whom 215 entered into a business relationship in 2021, claims, among other things, damages of \$666,844.02 with relation to spoiled inventory. The potential indebtedness resulting from such claims is not reflected in 215 and/or 272’s financial statements.
- d. As a result of the above, the Receiver does not believe that any substantial value may be ascribed to any inventory of 215 as of the date of this First Report.

Accounts receivable

32. The records provided to the Receiver do not allow the Receiver to update 215’s accounts receivables since February 4, 2021. However, given the time elapsed as well as the aforementioned claims by Langer and Arizona, both former customers of 215, the Receiver believes it unlikely that any substantial value may be ascribed to 215’s accounts receivable as of the date of this First Report.

⁵ Each of 215’s Statement of Claim, electronically issued September 28, 2021, and the Statement of Defence of the Regional Municipality of Peel, dated October 1, 2021, make reference to the Region of Peel having disconnected the water at 4500 Eastgate a number of times.

Contingent litigation claims

33. 215 has commenced three legal actions before the Ontario Superior Court of Justice, in the district of Brampton, against the Regional Municipality of Peel, the City of Mississauga, Nando Iannicca, Elain Gilliland, Steven Fantin, Bill Ford and Khawer Rauf, as applicable (collectively, the “**215 Actions**”).
34. The 215 Actions generally allege, among other things, various faults allegedly committed by the defendants in relation to the supply of water and wastewater services to 215 and attendant matters. 215 claims, among other things, a total of approximately \$25,000,000 in damages and other amounts in the 215 Actions. The defendants are defending the 215 Actions and there is an outstanding motion by the defendants for security for costs in respect of the 215 Actions.
35. Based on the pleadings in the 215 Actions, 215 failed to pay to the municipalities certain amounts related to water and wastewater services charges between 2017 and 2019. By the end of 2019, the accumulated deficiency amounts, together with applicable penalties, fees and interest, totaled approximately \$3,000,000.
36. The outstanding water and wastewater services charges have been transferred to the property tax roll with respect to one of the Leased Premises, which premises is owned by the Landlord- Rovinelli Holdings Ltd. The municipalities have been engaged in recovery processes against Rovinelli Holdings Ltd. and 215 in respect of these amounts. In addition, there is a further outstanding amount of \$161,422.30 that has not yet been transferred to the tax roll.
37. The Receiver questions whether there is any value in respect to the 215 Actions as of the date of this First Report, however an in-depth analysis as to the 215 Actions has not been undertaken by the Receiver.
38. The parties to this litigation and the Receiver agree that the 215 Actions are stayed by the Appointment Order. There is an outstanding motion by 215 to lift the stay to allow

the 215 Actions to proceed. The Receiver understands that such lift-stay motion is opposed by the defendants in the 215 Actions. The Receiver has communicated to the parties its position that it will not oppose the lifting of the stay of proceedings provided that any Order sought and obtained provides that the assets and property of the Debtors may not be used, whether directly or indirectly, in respect of the payment of costs or the satisfaction of an order for security for costs made in the 215 Actions.

ii. Liabilities

Unremitted HST and source deductions

39. According to the statements of account obtained by the Receiver from CRA, 215 owed CRA \$7,878,261 on account of unremitted HST and \$71,046 on account of unremitted source deductions as of December 1, 2021. Such claims may in part constitute deemed trust and other priority claims which could rank in priority to other secured and unsecured creditor claims. Copies of CRA’s statements of account are attached as **Appendix “E”**.

MOL claims under the *Employment Standards Act*

40. The MOL has issued sixteen (16) Orders to Pay (“OPs”) totaling \$273,907, in respect of wages, vacation pay, termination and severance pay owing and unpaid to former employees of 215. A copy of the OPs is attached as Appendix “F”. The OPs are summarized below.

Category of amounts claimed under OPs	Total amount claimed under OPs for category
Wages	\$82,094.17
Vacation Pay	\$43,511.32

Overtime Pay	\$1,416.91
Public Pay	\$2,014.54
Termination Pay	\$68,019.31
Severance Pay	\$51,949.68
Administrative Fee	\$24,900.60
Total	\$273,906.53

41. The Receiver understands that some or all of the amounts claimed under the OPs may constitute deemed trust claims under the *Employment Standards Act* (Ontario), which could rank in priority to other creditors.

Registrations in the PPSA Registry

42. The following table summarizes the PPSA registrations against 215⁶:

Registered Secured Party	Date of Registration	Registered Amount	Description of Collateral	Nature of claim/registration
Norseman Truck & Trailer Services Ltd.	June 2, 2022	\$19,435	2 Trailmobile Vans	Vehicle Financing
CWB	April 6, 2022			Assignment and Postponement Agreement

⁶Based on a search of the Ontario *Personal Property Security Act* registry with a file currency of April 12, 2023

Registered Secured Party	Date of Registration	Registered Amount	Description of Collateral	Nature of claim/registration
Summit Lease	March 2, 2022	\$117,209	2019 Volvo VNL	Vehicle Financing
Summit Lease	March 2, 2022	\$117,209	2019 Volvo VNL	Vehicle Financing
Tricor Lease & Finance Corp.	February 9, 2022	\$92,191	2021 Ford Mustang	Vehicle Financing
Ford Credit Canada Leasing	June 11, 2021	N/A	2021 Ford F150	Vehicle Financing
Tricor Lease & Finance Corp./Summit Lease	May 27, 2021	\$89,500	2020 Jaguar I-Pace	Vehicle Financing
Ms. Runaghan	February 18, 2021	\$100 million		Alleged general security interest
Mr. D'Angelo	February 18, 2021	\$20 million		Alleged general security interest
Blue Chip Leasing Corporation	December 10, 2020	N/A	2 x 2020 Heli CPD18SQ-GB2 forklifts	Equipment Financing
Toyota Industries Commercial Finance Canada Inc.	January 22, 2020	N/A	Materials handling Equipment	Equipment Financing

Registered Secured Party	Date of Registration	Registered Amount	Description of Collateral	Nature of claim/registration
Arizona Beverages USA LLC	September 27, 2019	N/A		Alleged general security interest (late renewal of a September 25, 2009 registration)
De Lage Landen Financial Services Canada Inc.	April 25, 2019	N/A	2019 Heli CPYD25-M2H	Equipment Financing
Penske Truck Leasing (registration partially discharged)	January 21, 2019	N/A	2 x 2019 Volvo VNL64300	Vehicle Financing
Locations De Camion Penske Canada Inc. (registration partially discharged)	January 21, 2019	N/A	2019 Freightliner M2	Vehicle Financing
Meridian Onecap Credit Corp.	September 12, 2017	N/A	2-2016 Doosan GC2E-5 (lift trucks)	Equipment Financing
Penske Truck Leasing Canada Inc.	January 6, 2017	N/A	2017 Volvo VNL64300	Vehicle financing
Toronto Dominion Bank	March 20, 2012	N/A		Alleged general security interest

43. The Receiver has not, at this time, sought or obtained any security opinion other than the abovementioned security opinion with respect to the general security agreement dated April 5, 2022 granted by 272 in favour of CWB.

Accounts payable

44. As at February 4, 2021, 215's account payable was shown to be \$22,248,477.
45. Based on the notices issued by the Landlords and the D'Angelo Transcripts, 215's accounts payable as of February 4, 2021 include rent arrears, totalling approximately \$5.1 million, plus costs in respect of the Eastgate Locations and approximately \$299,938 in respect of the Tomken Premises.

Contingent claims

46. The Receiver is aware that 215 is involved as a defendant in the following legal actions:⁷
- a. Velox Staffing Solutions Inc.
 - b. Canadian Energy Strategies Inc.
 - c. Tip Fleet Services Canada Ltd.
 - d. United Dairy and Grocers Inc.
 - e. Linde Canada Inc.
 - f. CRQ Wholesale Grocers Ltd.

Arizona

47. Arizona was 215's largest customer. 215 manufactured, packaged and distributed finished goods on behalf of Arizona. This business relationship appears to have continued until 215 was locked out of the Leased Premises.
48. 272's financial statements as at January 31, 2022, provide that on February 1, 2022, Arizona

⁷The Receiver has not reviewed or sought an opinion as the veracity of these claims or comment on their value

forgave 215's indebtedness in the amount of \$7,780,943 USD.⁸ The Receiver has not confirmed this information with Arizona.

49. On September 30, 2022, Arizona commenced legal proceedings against 215, including filing a motion for summary judgment against 215 and Mr. D'Angelo for \$4,600,000 purportedly owing by 215 to Arizona under promissory notes and a further \$1,600,000 purportedly owing to ABC under a promissory note(s).
50. Separately, on August 26, 2022, 215 and Mr. D'Angelo filed a statement of claim against Arizona and several individual defendants, claiming, among other things, damages for breach of contract, and misrepresentation in the amount of \$40 million, plus other damages.

Shareholder loans

51. 215 incurred losses from operations over the Period. These losses were largely funded by unsecured advances from Sherfam, a shareholder. Based on the 2021 financial statements of 215, Sherfam is owed \$120,205,666 on account of such unsecured advances.

V. FINANCIAL POSITION OF 272

52. 272 was incorporated on October 23, 2019, and subsequent to the 215-272 Asset Transfer, carried on the business previously carried on by 215. Ms. Runaghan is 272's sole director and officer.

272's Financial Results up to January 31, 2022; Receiver's comments and findings on same

53. Set out below is a summary of 272's unaudited financial results for the period ending August 31, 2021 and January 31, 2022:⁹

⁸The Receiver understands that Arizona's contractual relationship was with 215.

⁹Based on 272's financial statements, 272 was inactive through December 31, 2020 and appears to have commenced activity after the 215-272 Asset Transfer.

		31-Aug-21	31-Jan-22
		\$	\$
Sales		14,575,155	7,276,744
Cost of Goods Sold		9,748,804	5,744,537
Gross Margin		4,826,351	1,532,207
Other Income/Foreign Exchange		0	0
Expenses		-4,988,912	-2,627,700
Net Loss		-162,561	-1,095,493

Observations

54. 272 incurred losses from operations subsequent to the date of the 215-272 Asset Transfer.
55. The 215-272 Asset Transfer included the purchase of inventory at \$500,000, which was meant to represent the value of the ingredients purchased from 215.

Relationship with Arizona

56. The Representation Letter states that “the company has entered into a non-binding letter of intent with Arizona Beverages USA LLC and is currently working towards setting out the arrangement in a definitive agreement. The final agreement will be in the name of 215 and 272 will enter into an agreement with 215 to fulfill the agreement.” Pursuant to this letter of intent, Arizona was responsible for providing the supplies and was to reimburse 272 for the costs of warehousing the product.
57. Arizona, through 215, represented approximately 98% of 272’s revenues at that time.
58. In 2021, 272 started a business relationship with Langer which reduced its economic dependence on Arizona. Nonetheless, 272 remained largely dependent on 215’s relationship with Arizona to drive revenues.

VI. FINANCIAL POSITION

59. Set out below is a summary of 272's financial position as at August 31, 2021 and January 31, 2022:

Assets		31-Aug-21	31-Jan-22
Current Assets		\$	\$
Cash		272	0
Accounts receivable		512,869	374,890
Inventory		2,743,799	2,386,308
HST Receivable		2,206,560	0
		5,463,500	2,761,198
Property, Plant and Equipment		10,560,413	14,980,185
Total Assets		16,023,913	17,741,383
Liabilities			
Current Liabilities			
Bank Indebtedness			6,466
Accounts Payable		11,891,530	14,265,646
Income Taxes Payable			
		11,891,530	14,272,112
Long-term			
Due to shareholder		448,298	2,588,298
Due to 2156775 Ontario Inc.		3,846,645	2,139,026
		4,294,943	4,727,324
Common shares		1	1
Deficit		-162,561	-1,258,054
		-162,560	-1,258,053
		16,023,913	17,741,383

Personal Property Registry Search Results

60. Based on a search of the PPSA Registry with a file currency, dated April 12, 2023, the following parties are registered as having a security interest against 272's assets:
- a. CWB; and
 - b. Ms. Runaghan

CWB

61. On April 4, 2022, CWB issued a commitment letter that, subject to certain terms and conditions, provided for loans totaling \$625,000, which were structured in three segments, including the following:
- a. \$100,000 demand loan, to finance 272's day-to-day operations;
 - b. \$500,000 non-revolving demand loan, to be used to assist with the financing and purchase and installation of a 100 head can filler/carousel from Bevcorp LLC; and
 - c. \$25,000 corporate credit card to assist with day-to-day expenses.
62. As security for the loans, 272 granted certain security, including a General Security Agreement, dated April 5, 2022, and Assignment and Postponement Agreements provided to CWB by each of 215 and Ms. Runaghan.
63. As noted earlier in this First Report, the Receiver's counsel is of the opinion that, subject to normal assumptions and qualifications, the security interest granted in 272's property pursuant to the general security agreement, securing the obligations of 272 in favour of CWB are valid and enforceable against 272 and would be effective as against a trustee in bankruptcy of 272.

64. CWB advanced \$500,000 to 272 on April 7, 2022. Based on 272's bank statement, 272 used these proceeds as follows:

Payee/Description	Amount
Coverage of overdraft	\$688.70
Praxair Canada	\$18,045.00
Ceridian Canada	\$165,045.00
Cash paid to Henry Tan	\$1,000.00
To personal transfer	\$1,000.00
Lino Camara	\$2,000.00
Ms. Runaghan	\$6,000.00
Client Request (no description)	\$3,774.24
Petty Cash	\$5,410.00
Pianosi Brothers ¹⁰	\$12,901.94
Baird MacGregor Insurance Broker	\$21,470.03
Alectra	\$52,461.63
Client Request	\$56,000.00

¹⁰Based on the D'Angelo Transcripts, Pianosi Brothers is the landlord of 4546 Eastgate Parkway, Mississauga, which premises were used "storage and IT studio space"; the studio being used for the Being Frank Show, a late-night television produced and hosted by Mr. D'Angelo

Payee/Description	Amount
To Pay Debit Memo Reversed March 10, 2022	\$65,710.00
To recover debit memo reversal of February 25, 2022	\$70,000.00
Total	\$481,506.54

65. 272, along with Ms. Runaghan and Mr. D'Angelo have issued and served on CWB a Statement of Claim for damages in the amount of \$280,000,000 for, among other things, alleged misrepresentations.

Advances from Related Parties

66. Based on 272's August 31, 2021 financial statements, 272 owed Ms. Runaghan, as shareholder, an amount of \$448,298 in respect of a loan advanced in May, 2021. This amount increased to \$2,588,298 as of January 31, 2022.
67. As noted above, Ms. Runaghan registered a security interest in 272's personal property, which registration was for an amount of \$450,000.
68. At this time, the Receiver has not sought a legal opinion on the validity and enforceability of Ms. Runaghan security.
69. 272 does not appear to have any indebtedness to CRA but also has not filed HST returns in 2022.

VII. OBSERVATIONS

70. 272 had entered into a form of management agreement with 215 under which 215 supplied essential services including with the use of the Leased Premises, staffing and

insurance, however, 272 did not appear to enter into new agreements with any of 215's suppliers. Based on the D'Angelo Transcripts, the entering into of the management agreement with 215 was done because 272 "did not want to change the leases, because we would have given the landlords an excuse to renegotiate the leases, which are much higher today, so we left 215 to be a management company to allow it to get other customers for private labels". The Receiver is unaware as to whether the terms of the management agreement between 215 and 272 were reduced to writing.

71. Similarly, Arizona, 215's principal customer, had a business relationship with 215 and not 272. As noted above, 272 did not assume responsibility for 215's accounts payable or other liabilities of 215 as part of the 215-272 Asset Transfer. 272 also depended on 215's infrastructure to support its operations. Accordingly, 272's ability to sustain operations was dependent on 215 carrying on as a going concern. At the time of 215-272 Asset Transfer, 215 had significant arrears owing to its creditors, including to its various landlords, CRA and various utilities, all of which would likely have impaired 272's ability to sustain operations.
72. In summary, as a result of the 215-272 Asset Transfer and the parties entering into a management agreement, 215 transferred its business operations and its property, plant and equipment to 272 effective February 1, 2021, with 215 becoming a management company to 272, charging 272 back for expenses 215 incurred on 272's behalf.
73. The Receiver notes that 215 was indebted to CRA on account of unpaid source deductions and HST at the time of the 215-272 Asset Transfer and accordingly, the Transferred Assets may be subject to CRA's deemed trust claim. The Representation Letter states that 272 "has satisfactory title to all assets, and there are no liens or encumbrances on the company's assets except as disclosed in the financial statements."

All of which is respectfully submitted this 3rd day of May 2023.

MNP Ltd.,

solely in its capacity as Receiver of
2722959 Ontario Ltd and 2156775 Ontario Inc.
and not in its personal or corporate capacities

Per:

A handwritten signature in black ink, appearing to read "Sheldon Title".

Sheldon Title, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix "A"



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-22-00684100-00CL DATE: 12 September 2022

NO. ON LIST: 04

TITLE OF PROCEEDING: **CANADIAN WESTERN BANK V 2722959 ONTARIO LTD.**

BEFORE JUSTICE: **OSBORNE**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Kaleigh Sonshine	Canadian Western Bank	ksonshine@millertomson.com
Gavin Finlayson	Canadian Western Bank	gfinlayson@millertomson.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info
Caitlin Fell	MNP Ltd	cfell@reconllp.com
Sheldon Title	Proposed Receiver	Sheldon.title@mnp.ca
Joseph Lo Greco	2722959 ONTARIO LTD.	jlogreco@lslaw.ca
Ted Laan	Rovinelli and Eastgate	tlaan@kmblaw.com

ENDORSEMENT OF OSBORNE, J.

1. This case conference was scheduled by the Applicant to address an adjournment request by the Respondent and interim records issues.
2. This Application for the appointment of a receiver has already been scheduled to be heard on September 12, 2022 for 90 minutes, pursuant to the endorsement of Justice McEwen dated July 26, 2022.
3. Counsel for the Respondent, Mr. LoGreco, advises that he has just been retained and requires time to get up to speed on the matter, and that his co-counsel is away, with the result that the Respondent requests an adjournment of the matter until November 10.

4. Mr. Finlayson for the Applicant does not strenuously oppose an adjournment as a professional courtesy in the circumstances, but is anxious that the Applicant not be prejudiced as a result.
5. **On the consent of the parties, the September 12 date is hereby vacated and this matter will proceed on the merits on November 3, 2022 beginning at 10:00 AM.**
6. Some context is in order. The Respondent 272 is indebted to the Applicant in the amount of approximately \$625,000 plus accruing interest. 272 granted to the bank a security interest over all of its assets. The GSA provides the bank can appoint a receiver upon the occurrence of an event of default which it would appear has now occurred [no payments have been made on the credit facilities, and 272 ceased active business as of May, 2022.
7. The landlord, represented today, has locked 272 out of the premises and takes the position that it will distraint on the equipment and inventory but will hold the proceeds in trust pending consent of all parties or further order of this Court.
8. In the interim, it is agreed by all parties and I so order that If equipment and inventory is sold by the landlord, as the parties agree may be the most advantageous result, the proceeds will remain in trust as proposed by the landlord pending consent of all parties or further order of the Court.
9. There is an issue about whether the CRA may have a super priority claim. While not an issue before me today for determination, it would appear that significant amounts are owed in respect of HST remittances. Counsel for MNP, the proposed receiver, is directed to ensure that the CRA is put on notice of this application and provided with a copy of this endorsement.
10. Mr LoGreco acknowledges that the numbered company 215, the tenant of the operating premises, is an affiliate of 272 and that he has accepted service on behalf of 215 as well as 272. No further service on 215 by the Applicant is required.
11. With respect to documents, counsel for the landlord advises that many file boxes of physical books and records remain in the premises and the landlord wants them out in order that vacant possession can be offered to a new tenant. Counsel for 272 takes the position that the documents are the property of 272 and wants access to them. Counsel for the Applicant, Mr. Finlayson, supported by Ms. Fell as counsel for the proposed receiver, wants to ensure that relevant documents are preserved.
12. My objective on this preliminary appointment is to preserve the relevant documents and the status quo between and among the parties pending a hearing of the Application on the merits. Accordingly, and after much discussion with counsel for all parties and ultimately on their consent, the proposed receiver and its counsel will coordinate the collection and recovery of the documents in the leased premises and maintain those documents as far as is possible in their existing order and condition but will not undertake any review of the documents absent further order.
13. The proposed receiver will maintain custody of the documents pending consent of the parties or further order of the Court, but will allow access by the Respondents and their counsel, under supervision of the proposed receiver, to the documents in order that they may take copies of any documents they wish at their expense, and may review all documents. There may be issues of relevance and/or privilege and those are to be determined another day. For now, the key is that the documents should be preserved.
14. Counsel for all parties have agreed on the following, with which I agree and which forms part of this endorsement, to give effect to the foregoing:
 - a. MNP Ltd., in its capacity as proposed receiver ("**MNP**") of 2722959 Ontario Ltd ("**272**") and 2156775 Ontario Inc. ("**215**") shall be given immediate access during regular business hours to the premises located at each of 4544 and 4500 East Gate Parkway, Mississauga, Ontario and 5901 Tomken Road, Mississauga, ON L4W 4K3 (collectively, the "**Premises**") for the purposes of obtaining possession of all of the books and records of 272 and 215 located at the Premises (the "**Parkway Records**").
 - b. MNP shall be entitled, but not required, to take sole and exclusive possession of the Parkway Records and to remove the Parkway Records from the Premises.

- c. 272 and 215, and their directors, officers and third-party consultants shall forthwith advise MNP of the existence and whereabouts of any books and records, including financial statements, accounts receivable and inventory lists that are not located at the Premises, including any information that is stored or is otherwise contained on a computer or other electronic storage, and shall provide access to MNP of such books and records (the “**Off Premises Records**”, together with the Parkway Records, the “**Receiver Held Records**”). MNP shall be entitled to take possession, whether via hardcopy or electronically, of the Off Premises Records.
- d. For the purposes of taking possession of any electronic records, the directors, officers and third-party consultants of 272 and 215 shall provide MNP with assistance in gaining access to such electronic records as MNP may in its discretion, may require including providing MNP with any and all access codes, account names and account numbers that may be required to gain access to the information.
- e. MNP shall be entitled, but not required, to take possession of and retain the Receiver Held Records pending further order of the Court and shall assume possession of the books and records on an as is, where is basis, without any duty or obligation to catalogue or otherwise organize the Receiver Held Records.
- f. 272 and 215, including their directors, officers or shareholders shall immediately provide to MNP read-only access to all bank accounts held in the name of 272 and 215.
- g. 272 and 215 shall not sell, transfer, gift, convey or otherwise dispose or destroy any of their property or assets, including any of their books and records and any monies or accounts receivable of either 272 or 215 shall be deposited in the bank accounts of 272 and 215 and not in any other bank account.
- h. To the extent Eastgate Group Inc. and Rovinelli Holdings Ltd. sell the equipment at the Premises, the proceeds of sale of such equipment shall be kept in trust by counsel to Eastgate Group Inc., and Rovinelli Holdings Ltd., pending further order of the Court.
- i. Counsel to 272 and 215 shall be permitted to attend at the offices of MNP at 111 Richmond St W Suite 300, Toronto, ON M5H 2G4 on not less than 24 hours written notice and during normal business hours, for the purposes of reviewing any books and records of 215 and 272 in the possession of MNP (the “**Receiver Held Records**”) and shall be entitled to make copies of the Receiver Held Records at the expense of 272, 215 or Mr. D’Angelo. Other than counsel to 272 and 215, no party shall have access to the Receiver Held Records or the contents thereof without further Order of the Court.
- j. MNP shall not be liable for any action or inaction in carrying out the terms of this endorsement, other than for gross negligence or wilful misconduct.
- k. MNP may apply to the Court for advice and directions in carrying out the terms of this endorsement, including its economic and practical feasibility, and may consult with counsel to the Applicant regarding the costs and practical feasibility of obtaining possession of the Parkway Records.
- l. The application shall be adjourned from September 12, 2022, to November 3, 2022, which date shall be preemptory on the Respondent.

Owen, J.

Appendix “B”

Court File No.: CV-22-00684100-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

B E T W E E N:

CANADIAN WESTERN BANK

Applicant

and

2722959 ONTARIO INC.

Respondent

**FIRST REPORT OF THE PROPOSED RECEIVER
DATED OCTOBER 31, 2022**

I. INTRODUCTION AND BACKGROUND

1. On July 14, 2022, Canadian Western Bank (“**CWB**”) filed an application returnable July 26, 2022 for the appointment of MNP Ltd. as interim and non-possessory receiver of 2722959 Ontario Inc. (“**272**”) pursuant to section 47 of the *Bankruptcy and Insolvency Act* and section 101 of the *Courts of Justice Act* (in such capacity, the “**Receiver**”) for thirty (30) days, subject to further order of the Court.
2. In its Application CWB alleged, *inter alia* that;
 - a. 272 is indebted to CWB in the amount of approximately \$625,000 plus accruing interest;
 - b. 272 granted CWB a general security interest over all or substantially all its assets¹; and
 - c. CWB can appoint a receiver upon the occurrence of an event of default, which default CWB alleges has occurred as no payments have been made on the credit facilities, and 272 ceased active business since May, 2022.
3. 2156775 Ontario Inc. o/a D’Angelo Brands (“**215**”) is a company related to 272 (together, the “**Debtors**”). Mr. Frank D’Angelo (“**Mr. D’Angelo**”) is the directing mind and agent of the Debtors.
4. Just prior to CWB serving its Application, 272, Mr. D’Angelo and Ms. Gemma Runaghan (who is the sole shareholder, officer, and director of 272) brought an action before the Superior Court in Newmarket against CWB seeking general damages of more than

¹ The Receiver’s counsel is of the opinion that, subject to normal assumptions and qualifications, the security interest granted in 272’s property pursuant to the general security agreement, securing the obligations of 272 in favour of CWB are valid and enforceable against 272 and would be effective as against a trustee in bankruptcy of 272.

\$250,000,000, punitive damages in the amount of \$30,000,000 as well as “special damages in an amount to be determined prior to trial” on the basis of, among other things, alleged misrepresentations of CWB. The Receiver understands that CWB denies the allegations in the Statement of Claim and will address those matters within the action commenced by the Debtor. The interim receivership Order sought by CWB does not stay the action of the Debtor as against CWB.

5. The application for the appointment of an interim receiver was scheduled to be heard on September 12, 2022. The September 12th hearing date was converted to a case conference in order to address an adjournment request by 272 and a request by CWB for the granting of conservatory measures to preserve the records of the Debtors pending the hearing of the application. The interim receivership application was adjourned to November 3, 2022, and the conservation of records was dealt with in an endorsement of Mr. Justice Osborne made on consent (the “**Endorsement**”) ordering, *inter alia* that the Receiver collect and safeguard, but not review, documents and information of the Debtors, in the interest of all stakeholders.
6. The facts underlying the necessity for the Endorsement can be summarized as follows:
 - a. 215 leased two premises on Eastgate Parkway, Mississauga, one located at 4544 Eastgate Parkway, Mississauga, Ontario (“**4544 Eastgate**”) owned by Rovinelli Holdings Ltd. (“**Rovinelli**”), and one located at 4500 Eastgate Parkway, Mississauga, Ontario (“**4500 Eastgate**” and together with 4544 Eastgate, the “**Eastgate Premises**”) owned by Eastgate Group Inc. (“**EGI**”).
 - b. on June 2, 2022, Rovinelli and EGI respectively served 215, through Sterling Bailiffs Inc. (“**Sterling Bailiffs**”), with a notice to terminate the lease and a distress warrant with respect to the Eastgate Premises as a result of the failure of the tenant to pay rent arrears.

- c. Notwithstanding the termination notice, the books and records of the Debtors remained located at the Eastgate Premises, and, as of September 12, 2022, Rovinelli and EGI had been in the process of emptying the Eastgate Premises and marketing the units to new tenants.
7. The purpose of this Report (the “**First Report**”) is to inform the Court as to the efforts of the Receiver to collect and safeguard the records of the Debtors as directed by the Court pursuant to the Endorsement. A copy of the Endorsement is attached as **Appendix “A”**.

II. TERMS OF REFERENCE

8. The information relied upon by the Receiver in developing and preparing the First Report was provided by, *inter alia*:
 - a. CWB and the Application Record including the affidavit of Rod Randall sworn July 14, 2022 and supplement thereto dated September 2, 2022 (collectively, the “**Randall Affidavit**”);
 - b. 272, 215, Mr. D’Angelo and his counsel, and the Responding Application Record dated October 18, 2022 including the Affidavit of Frank D’Angelo dated October 18, 2022 (the “**D’Angelo Affidavit**”);
 - c. Mike Carvajal (“**Mr. Carvajal**”), who through his company iWebCorporate Solutions provides IT services to the Debtors including server hosting and backups, as further discussed below;
 - d. Suzanne Kekely (“**Ms. Kekely**”), a former consultant to the Debtors and a former employee of CWB;
 - e. Rovinelli and EGI, including the affidavit of Eugene Rovinelli sworn September 2, 2022, filed in respect of the receivership application (the “**Rovinelli**”

Affidavit”);

- f. Sterling Bailiffs;
 - g. Dodson-Lesmark Partnership (“**Dodson-Lesmark**”) and Associated Bailiffs & Co. Ltd. (“**Associated Bailiffs**”) respectively, the landlord and bailiff who served notices with respect to the Tomken Premises (as defined below); and
 - h. publicly available information, such as *Personal Property Security Act* registry searches, internet searches, etc.; and
9. Except as described in this First Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy and completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountant’s Handbook.

III. RECEIVER’S ACTIVITIES TO DATE

A. Collection And Storage Of Records At Eastgate Premises

10. The Endorsement provides at paragraphs 14. a., b. and e.:

MNP Ltd., in its capacity as proposed receiver (“MNP”) of 2722959 Ontario Ltd (“272”) and 2156775 Ontario Inc. (“215”) shall be given immediate access during regular business hours to the premises located at each of 4544 and 4500 East Gate Parkway, Mississauga, Ontario and 5901 Tomken Road, Mississauga, ON L4W 4K3 (collectively, the “Premises”) for the purposes of obtaining possession of all of the books and records of 272 and 215 located at the Premises (the “Parkway Records”).

MNP shall be entitled, but not required, to take possession of and retain the Receiver Held Records pending further order of the Court and shall assume possession of the books and records on an as is, where is basis, without any duty or obligation to catalogue or otherwise organize the Receiver Held Records.

[Emphasis added.]

11. Following the issuance of the Endorsement, on September 12th the Receiver requested from Mr. D'Angelo that he confirm the location of all the Debtors' books and records. On September 14, 2022, Mr. D'Angelo responded that "*all historical hard copies of financial documents*" were stored at 4544 Eastgate. The Receiver also became aware that some books and records of the Debtors' were also stored at 4500 Eastgate.
12. On September 14, 2022, the Receiver attended the Eastgate Premises with the assistance of Bloch Support Services, a third-party agent, retained by the Receiver to assist in the collection and safeguarding of any books and records. Rovinelli and EGI fully cooperated with the Receiver in providing access to the Eastgate Premises.
13. With respect to 4500 Eastgate, the limited books and records found at the premises were organized in filing cabinets and were collected and boxed in an organized manner based on how the records were stored in those premises.
14. The situation at 4544 Eastgate, however, was much different. According to the Rovinelli Affidavit, Rovinelli, in the context of the terminating the lease and cleaning up the premises for a new tenant, tossed the Debtors' records from the second floor onto the main floor below. However, Rovinelli, upon becoming aware of the interim receivership application, agreed to preserve the records in their existing state pending the outcome of the September 12th hearing date.
15. Upon entering the 4544 Eastgate Premises, the Receiver and Bloch observed the records lying on the main floor, indeed in pell-mell piles. A photograph taken by the Receiver as of September 14, 2022 is attached as **Appendix "B"**.
16. Given the condition of the records at 4544 Eastgate and the Endorsement providing that the Receiver was not to undertake any review of the documents, the Receiver instructed

Bloch to box the scattered records to the extent possible. Given the magnitude and compromised state of the records, and to accommodate Rovinelli's business hours, the boxing of the records was a substantial task carried out between September 14 and October 3, 2022.

17. Approximately 464 bankers' boxes were used to collect the records found at the Eastgate Premises. Given the state of disarray, the records were not boxed in any particular or organized manner. The Receiver determined that nothing could practically be done to organize the records without reviewing or filtering them, which the Receiver, pursuant to the terms of the Endorsement, did not have any duty or obligation to undertake. Further, the organization of the records would in any event have likely represented a disproportionate undertaking in terms of time and costs.
18. As the terms of the Endorsement were agreed to among the parties prior to the Receiver's collection of 464 boxes of documents, the Endorsement provided that the Receiver would store the records at its offices. The Receiver however could not accommodate storage at its offices for 464 boxes. Accordingly, the Receiver arranged to have the records stored by Filebridge, a third-party records management firm located at 488 Carlingview Dr., Toronto, Ontario. The records were moved to and stored at Filebridge from and after October 14, 2022.
19. The parties and their counsel were advised of the number of boxes collected and that the Receiver was required to arrange for storage of the records with a third party.

B. Collection And Safeguarding Of Other Physical Records

20. The following describes the Receiver's efforts to collect and safeguard the Off Premises Records (as defined in the Endorsement).
21. The Endorsement provides at paragraph 14. c that.:

272 and 215, and their directors, officers and third-party consultants shall forthwith advise MNP of the existence and whereabouts of any books and records, including financial statements, accounts receivable and inventory lists that are not located at the Premises, including any information that is stored or is otherwise contained on a computer or other electronic storage, and shall provide access to MNP of such books and records (the “Off Premises Records”, together with the Parkway Records, the “Receiver Held Records”). MNP shall be entitled to take possession, whether via hardcopy or electronically, of the Off Premises Records. [Emphasis added.]

i. Suzanne Kekely

22. The Receiver understands that Ms. Kekely was acting as a consultant to the Debtors and, subsequently became an employee of CWB.
23. Mr. D’Angelo advised the Receiver that Ms. Kekely had, at the time, access to information and documents that may be covered by the Endorsement. The Receiver wished to verify whether Ms. Kekely had access to or, was in possession of the Debtors’ records (the “**Kekely Relevant Documents**”) in order to facilitate the collection by the Receiver in accordance with the terms of the Endorsement.
24. The Receiver obtained Ms. Kekely’s contact information and contacted her by email and voicemail on September 16, 2022, followed by a letter from counsel to the Receiver dated September 22, 2022, a copy of which is attached as **Appendix “C”** to inquire whether Ms. Kekely had access to or was in possession of Kekely Relevant Documents.
25. Ms. Kekely responded to the September 23rd letter from counsel to the Receiver, advising that she was not in possession of any Off Premises Records (as defined in the Endorsement). A copy of the September 23 response is attached as **Appendix “D”**. On the same day, the Receiver’s counsel advised the Debtors and their counsel of Ms. Kekely’s response.

ii. CWB

26. The Receiver also undertook to verify whether CWB had possession of or access to any Kekely Relevant Documents.
27. The Receiver's counsel wrote to counsel for CWB on October 20, 2022 (a copy of such correspondence is attached as **Appendix "E"**), who confirmed on October 29, 2022 that CWB had located and preserved the following documents and records created or used by Ms. Kekely during the period of her employment at CWB: (i) all of Ms. Kekely's emails from date of hiring to termination of employment, (ii) one physical file, (iii) documents maintained electronically on a local drive, and (iv) Ms. Kekely's bank-issued laptop.
28. Counsel for CWB also confirmed that CWB was in the process of setting aside documents related to the Debtors. The Receiver remains in communication with counsel to CWB.

iii. 5901-A Tomken Road, Mississauga

29. The Receiver understands that 215 leased premises located at 5901A Tomken Road, Mississauga (the "**Tomken Premises**") from Dodson-Lesmark.
30. On May 27, 2022, Associated Bailiffs served a notice of distress to 215, on behalf of Dodson-Lesmark in response to outstanding rent arrears in the amount of \$299,938. The Receiver was advised by Associated Bailiffs that the Tomken Premises was used as a warehouse and that there were no books and records located there.

iv. Debtors' Accountant

31. The Receiver understands that Feldstein & Associates LLP ("**Feldstein LLP**") acted as accountant to 272, including in respect of 272's financial statements for the period ending August 31, 2021.

32. On October 20, 2022, the Receiver wrote to Warren Feldstein, a partner of Feldstein LLP, requesting that Feldstein LLP provide the Receiver with copies of any books and records of the Debtors in its possession or control.
33. On October 29, 2022, Mr. Feldstein responded, that before acceding to the Receiver's request he would need to verify "the accuracy" of the Endorsement with Debtors' counsel so as to comply with his applicable rules of professional conduct. The Receiver has followed-up and remains awaiting a response.

C. Collection And Safeguarding Of Electronic Records

34. The following describes the Receiver's efforts to collect and safeguard any electronically-stored books and records of the Debtors targeted by the Endorsement.
35. The Endorsement provides at paragraphs 14. c. and d.:

272 and 215, and their directors, officers and third-party consultants shall forthwith advise MNP of the existence and whereabouts of any books and records, including financial statements, accounts receivable and inventory lists that are not located at the Premises, including any information that is stored or is otherwise contained on a computer or other electronic storage, and shall provide access to MNP of such books and records (the "Off Premises Records", together with the Parkway Records, the "Receiver Held Records"). **MNP shall be entitled to take possession, whether via hardcopy or electronically, of the Off Premises Records.**

*For the purposes of taking possession of any electronic records, **the directors, officers and third-party consultants of 272 and 215 shall provide MNP with assistance in gaining access to such electronic records as MNP may in its discretion, may require including providing MNP with any and all access codes, account names and account numbers** that may be required to gain access to the information.*

[Emphasis added.]

i. Computer equipment potentially removed from the Eastgate Premises and/or the Tomken Premises

36. At the time the Receiver attended 4544 Eastgate on September 14, 2022, no computer equipment was located on the premises.²
37. The Receiver immediately inquired with Sterling Bailiffs, who served the Debtors with a notice of termination of lease on June 2, 2022, whether and how they dealt with any computer equipment owned by the Debtors. The Receiver also concurrently wrote to Mr. D'Angelo, a copy of which email is attached as **Appendix "F"** asking for the same information as well as whether the Debtors had systems in place for any records or information to be stored electronically on servers located elsewhere, or on third-party servers (the "cloud").
38. On September 16, 2022, Sterling Bailiffs confirmed to the Receiver that, as of June 2, 2022, there were computers in the Eastgate Premises and that the bailiff was aware that Mr. D'Angelo had removed the computer equipment around July, 2022, when he also arranged to have the restaurant equipment removed by Benaco Sales, a restaurant equipment auctioneer in Toronto. Mr. D'Angelo's contemporaneous response to the Receiver was that there were no records stored elsewhere, other than 4544 Eastgate.
39. The Receiver understands from Mr. D'Angelo, that Mr. Carvajal had, through his company iWebCorporate Solutions, provided IT services to the Debtors including server hosting and backups. The Receiver wrote to Mr. Carvajal and Mr. D'Angelo on September 29, 2022, asking for information regarding the Debtors' computer equipment remaining in his possession. A copy of this correspondence is attached as **Appendix "G"**.
40. Mike Carvajal directed to Mr. D'Angelo his answers to the questions posed by the Receiver regarding the whereabouts of the computer equipment by noting that "All your hardware as

² A limited number of hard drives were removed by the Receiver from computers stored at 4500 Eastgate
RECON:00043800.3

far as we know was in 3 locations 4544 Eastgate 4500 Eastgate and Tomken Warehouse. Your server was in the backroom of 4544 Eastgate. We've been hosting your total data in our server since February 2021 when your system was hacked and crashed”.

41. After receiving Mike Carvajal’s response, the Receiver directed a further email to Frank D’Angelo asking *“please advise us whether there is any computer equipment that is/was at another location, and if so, the current whereabouts of that equipment and whether you have access to any of 215 or 272’s computer equipment and/or data aside from what is in Mike Carvajal’s possession. Were there any backup servers or storage of the data? If so, where is that data stored? Were you able to recover all of your data after your system was hacked?”* A copy of this correspondence is attached as **Appendix “H”**.
42. Frank D’Angelo responded to the Receiver via email on September 29, 2022, stating *“The email that I forwarded to you below from Mike Carvajal responds clearly to your repetitive condescending communication. We will make the application hearing Judge aware of your conduct and your firms. Please let us know immediately the date you first received our privileged & private & confidential documents & what you are in possession of currently as per the order???”* A copy of this correspondence is attached as **Appendix “I”**.
43. On September 30th, the Receiver, after being advised by Carvajal that he does not have any of the Debtors’ software asked Mr. D’Angelo where the hardware is located. On September 30th, Mr. D’Angelo sent an email to the Receiver stating *“we have articulated that the ALL HARDWARE was left in the three facilities as we were locked out. All back was done on our I.t’s server & that’s where it is.”* A copy of this correspondence is attached as **Appendix “J”**.
44. On October 3rd, the Receiver responded to Mr. D’Angelo’s September 30th email, a copy of which is attached as **Appendix “K”**. and stated as follows:

In your email from Friday, you advised us that all hardware was left in the three facilities as you were locked out, which was confirmed by the landlord and its

bailiff. However, we understand from the bailiff that in July 2022, you made arrangements to have all the restaurant equipment removed by Benaco Sales, and that at the time the Baliff (sic) allowed access to Benaco, you removed the computer equipment that was in the premises. We have also confirmed with Benaco that it does not have any of the computer equipment.

Please advise us as to the current whereabouts of the computer equipment.

45. Mr. D'Angelo responded on October 3rd, and stated that *"We did NOT REMOVE ANY COMPUTER EQUIPMENT & the server was still in the back room! We did NOT REMOVE any hardware from the other 2 locations either!"* A copy of this correspondence is attached as **Appendix "L"**.
46. On October 3rd, the Receiver's counsel directed an email to Debtors' counsel to advise that there was conflicting information being given to the Receiver by the Debtors and Sterling Bailiffs with respect to the computer equipment. A copy of this correspondence is attached as **Appendix "M"**. Receiver's counsel also confirmed to the Debtors' counsel that no records were accessed by the Receiver until after the Endorsement was issued by the Court.
47. By way of letter dated October 7, 2022, counsel to the Receiver requested, among other information, that the Debtors' identify the type and number of computer or other hardware that may contain books and records of 272 and 215 or used by its key employees, directors and officers on laptops, desktops, phones and tablets. Mr. D'Angelo responded to the October 7th letter by advising that *"We will not allow access to email modules & our phones"*. A copy of this correspondence is attached as **Appendix "N"**.
48. On October 13, 2022, the Receiver's counsel sent an email to Debtors' counsel stating in part that *"Your client is refusing to allow the Receiver access to business email or phones to collect and preserve email and phone data even though such business records clearly fall within the scope of the endorsement, whether pursuant to our read of it or your client's. We have also not received any particularized responses to our information request. Simply saying that*

everything has been provided does not make it so.” A copy of this correspondence is attached as **Appendix “O”**.

49. On October 17, 2022, the Receiver sent an email to Rovinelli advising it was receiving conflicting information relating to the status of the computer equipment.
50. Rovinelli responded on October 17th to the Receiver, via email, to advise as follows:

The computers were removed from the premises under the guidance of the Bailiff. I cannot confirm whether they were released to D’Angelo or the company who owned the hardware through a rental agreement with D’Angelo Brands. Earl Boeko of Sterling Bailiffs would have record of this, so I would trust his explanation.

The hardware and equipment Gary was referring to was with respects to the items left in the IT/server room, which consisted of what appeared to be spare parts. He recalls possibly a couple computer towers that were inactive, keyboards, mice, monitors and an assortment of cables. As you could imagine, we were left to deal with and dispose of a large variety of abandoned items throughout the offices and warehouse.

I hope this explanation helps.”

51. The Receiver sent a further email to Sterling Bailiffs inquiring whether Sterling Bailiffs had any record of the computer equipment removed by Mr. D’Angelo. Sterling Bailiffs responded by advising the Receiver that “[S]ince we terminated the lease (and never distrained) at 4544 Eastgate Parkway, we do not have any records or inventory of the assets inside. We do not have a list of what was removed.”
52. The Receiver further inquired whether Sterling Bailiff’s representatives witnessed Frank D’Angelo and/or his staff removing the computer equipment. Sterling Bailiff responded by noting that “The bailiff witnessed Frank D’Angelo and 3 employees plus D’Angelo’s Auctioneer, on July 12th 2022 starting at 2:00pm.” A copy of this correspondence is attached as **Appendix “P”**.

ii. Other electronic records

53. In parallel to the Receiver's investigation with respect to computer equipment and hardware, the Receiver also made efforts to ascertain the whereabouts of electronic books and records of the Debtors pursuant to the terms of the Endorsement. The results of those efforts are discussed below.
54. On September 13, 2022, the Receiver's counsel wrote to Debtors' counsel asking for assistance in providing the Receiver with access to all the books and records targeted by the Endorsement, including any held in electronic format. A copy of this correspondence is attached as **Appendix "Q"**.
55. On September 16, 2022, Mr. Carvajal informed the Receiver that as a result of amounts owed by the Debtors to Mr. Carvajal with respect to the hosting of the Debtors' servers, Mr. Carvajal and his company did not have access to the Debtors' electronic data "up and running".
56. The Receiver understands that there was a meeting among Mr. Carvajal and Mr. D'Angelo on September 21, 2022, after which it was agreed that Mr. Carvajal would grant the Debtors' access to their servers again, and would be able to unlock accounts and passwords for the Receiver's access. The understanding, however, was that this would take a day or two.
57. On September 22, 2022, the Receiver's counsel wrote to Mr. Carvajal, requesting, for avoidance of doubt, that Mr. Carvajal provide the Receiver with the originals or full and unaltered copies of all documents and information targeted by the Endorsement in Mr. Carvajal's possession, including all applicable passwords and login credentials so as to allow the Receiver full access. The Receiver also mentioned that it would accept mirrored copies and offered that, if more practicable, the Receiver could make mirrored copies itself.
58. The Receiver followed-up on that correspondence on September 27, 2022 and was granted access on September 28, 2022. Notwithstanding the apparent access, the Receiver was

surprised to only find approximately 60 GB of data on the servers, and wrote to Messrs. Carvajal and D'Angelo to confirm whether the Receiver had been given full access to all the data.

59. Mr. Carvajal responded on September 29 that there was an issue with Accountmate, the accounting software used by the Debtors, and that he was working on a remedy.
60. On October 3, 2022 the Receiver offered the assistance of its IT team to better understand the ongoing issues and assist in resolving them. The Receiver followed-up and requested a call on October 4, but was advised that Mr. Carvajal could not attend the same due to being out of the country.
61. As noted above, on October 7, 2022, the Receiver's counsel sent a letter to the Debtors' counsel reiterating its request for a phone call and/or assistance in providing access to the Debtors' electronic records. A copy of this correspondence is attached as **Appendix "R"**. On October 13, 2022, the Receiver's counsel sent an email to the Debtors' counsel that, among other things, followed up on its October 7th letter. A copy of this correspondence is attached as Appendix "O".
62. On October 17, 2022, Mr. Carvajal advised Mr. D'Angelo and the Receiver that a new port had been opened for Accountmate (essentially, a new hard drive had been set up with all the software database). On October 18 and 19, 2022 the Receiver requested administrator access in order to be able to make an image copy of the contents. On October 19, Mr. D'Angelo denied the Receiver's request on the basis that the Receiver was able to take screenshots and that this should suffice. A copy of this correspondence is attached as **Appendix "S"**.
63. On October 19, 2022, a member of the Receiver's IT team accessed the new Accountmate port but was unable to copy the entire content due to lacking certain administrator privileges. It is important to note that taking screenshots, as suggested, is not an acceptable nor practical way to collect and safeguard the information.

64. Moreover, in order to properly preserve the electronic records, the Receiver is of the view that a mirror copy of the totality of the Accountmate data was necessary so as to ensure that it could not be altered. However, without administrator access, this was not possible, with the result that the Accountmate data (and therefore financial information) remains outside of the Receiver's control and at risk of voluntary or involuntary alteration or loss. Additionally, Accountmate as a business financial/accounting software likely is one of a number of software tools used by the Debtors. As noted above, the Debtors have not provided access to, among other things, its communication software, which would provide access to emails and text messages.
65. Paragraph 83 of the D'Angelo Affidavit states that "*the Receiver has had access to the company's data and has reviewed such data accounting records pertaining to D'Angelo Brands.*". This statement is incomplete and inaccurate. To date, the Receiver has not been provided with the appropriate degree of access to make a complete copy of the Debtors' electronic records, including its Accountmate software database, for appropriate collecting and safeguarding in accordance with the Endorsement, in the interest of all stakeholders.

D. Parties' Inspection Of Records Collected By Receiver And Privilege Claims

66. The Endorsement provides as follows at paragraphs 13 and 14. i.:

The proposed receiver will maintain custody of the documents pending consent of the parties or further order of the Court, but will allow access by the Respondents and their counsel, under supervision of the proposed receiver, to the documents in order that they may take copies of any documents they wish at their expense, and may review all documents...

Counsel to 272 and 215 shall be permitted to attend at the offices of MNP at 111 Richmond St W Suite 300, Toronto, ON M5H 2G4 on not less than 24 hours written notice and during normal business hours, for the purposes of reviewing any books and records of 215 and 272 in the possession of MNP (the "Receiver Held Records") and shall be entitled to make copies of the Receiver Held Records at the expense of 272, 215 or Mr. D'Angelo. Other than counsel to 272 and 215, no party

shall have access to the Receiver Held Records or the contents thereof without further Order of the Court.

67. On October 11, 2022, representatives of the Debtors and their counsel attended at 4544 Eastgate with a representative of the Receiver, and inspected certain of the records. This inspection took place prior to the records being fully boxed and moved to be stored by Filebridge, on October 14, 2022. To date, no other formal request to inspect the records in accordance with the Endorsement was made.

E. Post-appointment banking activity

68. The Endorsement provides as follows at paragraph 14. f.:

272 and 215, including their directors, officers or shareholders shall immediately provide to MNP read- only access to all bank accounts held in the name of 272 and 215.

69. On September 20, 2022, Mr. D'Angelo stated to the Receiver that Royal Bank of Canada was the Debtors' only financial institution. However, Mr. D'Angelo later confirmed that 215 also maintains an account at Toronto Dominion Bank, although it is not currently used, and that 272 also maintains an account with CWB.
70. On September 22, 2022, after multiple correspondence with Mr. D'Angelo regarding issues with providing read-only access to the Debtors' bank records to the Receiver, the Receiver contacted the applicable branches of Royal Bank of Canada directly, and was advised that read-only access could be granted to the Receiver through the RBC Express platform, for a fee.
71. As an alternative to read-only access, Mr. D'Angelo has been providing the Receiver with a weekly accounting of the post-Endorsement banking activity of the Debtors.

F. Sale of equipment

72. The Endorsement provides as follows at paragraph 14. g.:

272 and 215 shall not sell, transfer, gift, convey or otherwise dispose or destroy any of their property or assets, including any of their books and records and any monies or accounts receivable of either 272 or 215 shall be deposited in the bank accounts of 272 and 215 and not in any other bank account.

73. On October 24, 2022, EGI and Rovinelli confirmed to the Receiver that they have not yet sold the equipment and are still considering options for liquidation.

G. Service on CRA

74. The Endorsement provides, at paragraph 9 that the Receiver shall put the CRA on notice of the interim receiver application and provide it with a copy of this endorsement.

75. The Receiver's counsel served CRA with notice of the application on October 20, 2022 and provided it with a copy of the Endorsement.

All of which is respectfully submitted this 31st day of October, 2022.

MNP Ltd., solely in its capacity as Proposed Receiver of 2722959 Ontario Ltd and 2156775 Ontario Inc. and not in its personal or corporate capacities

Per:



Sheldon Title, CPA, CA, CIRP, LIT

Senior Vice-President

Appendix “C”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY, THE 3RD
JUSTICE OSBORNE) DAY OF NOVEMBER, 2022
)

B E T W E E N:

CANADIAN WESTERN BANK

Applicant

and

2722959 ONTARIO LTD. and 2156775 ONTARIO INC.

Respondents

**ORDER
(Appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “CJA”) appointing MNP Ltd. (“MNP”) as an investigatory, non-possessory receiver (in such capacity, the “Receiver”) without security, of all of the assets, undertakings and properties of 2722959 Ontario Ltd. (“272”) and of the related or associated entity, 2156775 Ontario Inc. (“215”), acquired for, or used in relation to a business carried on by 272, was heard this day at 330 University Avenue, 7th Floor, Toronto, Ontario.

ON READING the Affidavit of Rod Randall, sworn July 12, 2022 and the Exhibits thereto, the Supplementary Affidavit of Rod Randall, sworn September 2, 2022 and the Exhibits thereto,

the Responding Affidavit of Frank D'Angelo, sworn October 18, 2022, and the Exhibits thereto, the Reply Affidavit of Rod Randall, sworn October 24, 2022 and the Exhibits thereto, on hearing the submissions of counsel for Canadian Western Bank, counsel for 272 and 215, and the other parties listed on the Counsel Slip, and on reading the Consent of MNP to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Amended Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS and declares that 215 be and is hereby added as a respondent party in these proceedings.

3. THIS COURT ORDERS that pursuant to section 101 of the CJA, MNP is hereby appointed as Receiver, without security, of all of the assets, undertakings and properties of 272 and 215 acquired for, or used in relation to a business carried on by 272 and 215, including all proceeds thereof, including property held by 272 and 215 in trust for any third party (collectively, the "**Property**").

RECEIVER'S POWERS

4. THIS COURT ORDERS that, subject to the terms herein, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to monitor 272's and 215's receipts and disbursements, including, without limitation, the right to access all information, computers, data, electronic or cloud-stored data, databases, or documents relating to 272's and 215's current and historical operations, including, without limiting the generality of the foregoing, having direct access to 272's and 215's banking statements, records and online banking data;
- (b) to have access to 272's and 215's premises at all times, without any requirement for prior notice;
- (c) to take physical inventories as may be necessary or desirable;
- (d) to take possession of and store any records and documents of 272 and 215, or records which relate in whole or in part to 272 or 215 and to review such records as may be necessary and advisable in connection with its mandate;
- (e) to take possession of any electronic records of 272 and 215, or electronic records which relate in whole or in part to 272 or 215 and any related computer hardware or software wherever located and to review such records as may be necessary and advisable in connection with its mandate;
- (f) to compel records of and conduct on-site inspections at the premises of any landlords of the Debtors or third parties who the Receiver believes may be in possession of any of the Property or Records (as defined below);
- (g) to obtain information from and engage with on behalf of 272 and 215 with any parties with whom 272 and 215 or any related party may have or had a business

relationship with including, IT consultants, co-packing arrangements, distribution licenses, and/or licenses related in whole or in part to the business of 272 and 215;

- (h) to obtain information from and engage with any suppliers, vendors, service providers, professionals or consultants of 272 and 215 as be necessary and advisable;
- (i) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of Receiver's powers and duties, including without limitation those conferred by this Order;
- (j) if deemed necessary or advisable by the Receiver in its sole discretion, to deliver notices of examination to and examine under oath any Person (as defined herein) with knowledge of the affairs of 272 and 215;
- (k) to report to, meet with and discuss with such affected Persons (as defined herein) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (l) to conduct an investigation, review or accounting of the financial affairs of 272 and 215, including a review of the state, location and value of all assets and inventory of 272 and 215 as well a intercompany transfers between 272 and 215 or to any other affiliated entity;

- (m) to inquire into and report to the Court on the financial condition of 272 and 215, and the Property, and any material adverse developments relating to the financial condition of 272 and 215, and/or the Property;
- (n) to report to the Court on any matter it deems appropriate;
- (o) to attend this Court to seek amendments of this Order as it deems necessary or desirable; and
- (p) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including 272 and 215, and their shareholders, officers and directors and without interference from any other Person.

5. THIS COURT ORDERS that, for greater certainty, the Receiver shall not be in possession or control of the Property (other than with respect to Records (as defined below)) without a further order of this Court and shall not be required to issue the statement set out in Section 246 of the BIA without a further order of this Court.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. THIS COURT ORDERS that (i) 272 and 215, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on either of their instructions or behalf, including Mr. Frank D'Angelo, and (iii) 215 and

all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including Mr. Mike Cavajal and Canada Revenue Agency (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver during regular business hours, and shall deliver all such Property to the Receiver upon the Receiver’s request, subject to paragraph 5 herein.

7. THIS COURT ORDERS that all Persons, including Mr. Frank D’Angelo, Mr. Mike Cavajal and Ms. Gemma Runaghan shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of 272 and 215, including:

- (a) electronic records wherever located;
- (b) email accounts under the domain dangelobrand.ca and email accounts in any cloud-based email system such as Hotmail or Gmail, including, but not limited to gemmarunaghan@hotmail.com, gemma.runaghan@dangelobrand.ca, gemma.runaghan@hotmail.com, mrfrankdangelo@hotmail.com and frank@dangelobrand.ca; and
- (c) any computer programs, computer tapes, computer disks, or other data storage media containing any such information.

(the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure. For avoidance of doubt and subject to this paragraph 7 hereof, whenever the Receiver seeks to access a document or information relating to 272 or 215 under this Order, including without limitation the Property or Records (as defined below), the Receiver shall be given such document or information in accordance with this Order notwithstanding that they may relate in whole or in part to other businesses or Persons.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the Records contained therein whether by way of printing the information onto paper or making forensic copies of computer disks or such other manner of retrieving and copying the Records as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing

the Receiver with any and all credentials access codes, account names and account numbers that may be required to gain full access to the Records.

PRODUCTION AND DISCLOSURE

9. THIS COURT ORDERS that without limiting the generality of paragraphs 6, 7, and 8, by no later than 5:00pm (Toronto Time) on December 2, 2022, all Persons, including Mr. Mike Carvajal, Mr. Frank D'Angelo and Ms. Gemma Runaghan shall provide to the Receiver forensic copies of Records contained in:

- (a) email accounts under the domain dangelobrand.ca and email accounts in any cloud-based email system such as Hotmail or Gmail, including, but not limited to gemmarunaghan@hotmail.com, gemma.runaghan@dangelobrand.ca, gemma.runaghan@hotmail.com mrfrankdangelo@hotmail.com and frank@dangelobrand.ca; and
- (b) any text communications in relation to 272 and 215 on any mobile device, personal computer or tablet, including but not limited to text messages on iMessage, Whatsapp or similar applications; and
- (c) any information relating to sales or transfers as between 272 and 215 or any other related company.

10. THIS COURT ORDERS that, subject to paragraphs 6, 7, and 8 and without limiting the generality of paragraphs 6, 7, and 8 any professional engaged by 272 and 215 including Warren Feldstein and Feldstein & Associates LLP is authorized and directed to provide to the Receiver, at

its request, copies of all Records in their possession, including, but not limited to, all notes, correspondence, working papers and source documents of any nature.

ADDITIONAL DUTIES OF AND RESTRICTIONS ON 272 AND 215

11. THIS COURT ORDERS that 272 and 215 shall:

- (a) not sell, transfer, gift, convey or otherwise dispose of Property, other than in the ordinary course of business, without the prior written consent of the Applicant (other than amounts to pay down obligations owing to the Applicant);
- (b) not make, or enter into any contract, amendment or other written agreement that involves an expenditure greater than \$2,500.00 without the prior written approval of the Receiver; and
- (c) provide to the Receiver, upon request of and on or before the deadline required by the Receiver, such reporting as may be required by the Receiver in its sole discretion, including, without limitation, 272's and 215's financial condition, daily, weekly or monthly receipts and disbursements, inventory counts or lists, sales reports, accounts payable and receivable, profit and loss statements, locations and listings of assets.

NO PROCEEDINGS AGAINST THE RECEIVER

12. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST 272 AND 215 OR THE PROPERTY

13. THIS COURT ORDERS that no Proceeding against or in respect of 272, 215, or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of 272, 215, or the Property are hereby stayed and suspended pending further Order of this Court, save and except, pending further Order of this Court, the action 2722959 *Ontario Inc. et al v Canadian Western Bank et al*, bearing Court File No. CV-22-00001968-0000.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that all rights and remedies against 272, 215, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or 272 and 215 to carry on any business which 272 and 215 is not lawfully entitled to carry on, (ii) exempt the Receiver or 272 and 215 from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

15. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence

or permit in favour of or held by 272 and 215, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that all Persons having oral or written agreements with 272 and 215 or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to 272 and 215 are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of 272's and 215's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of 272 and 215 or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

EMPLOYEES

17. THIS COURT ORDERS that the Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER’S LIABILITY

19. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the

protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a Judge of the Commercial List of the Ontario Superior Court of Justice.

SERVICE AND NOTICE

21. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

22. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to 272's and 215's creditors or other interested parties at their respective addresses as last shown on the records of 272 and 215, and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

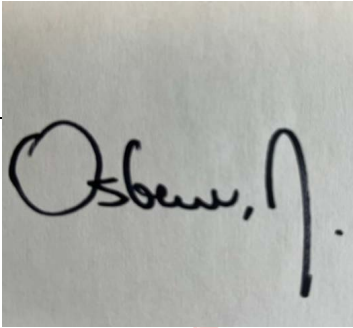
24. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a Trustee in bankruptcy of 272 and 215.

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

26. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

27. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

28. THIS COURT ORDERS that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the creditors of 272 and 215 or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

—  2023.04.2
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CANADIAN WESTERN BANK

Applicant

and 2722959 ONTARIO LTD. and
2156775 ONTARIO INC.
Respondents

Court File No.: CV-22-00684100-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

**ORDER
(APPOINTING RECEIVER)**

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada, M5H 3S1

Gavin H. Finlayson LSO#: 44126D
gfinlayson@millerthomson.com
Tel: 416.595.8619

Kaleigh Sonshine LSO#: 70105T
ksonshine@millerthomson.com
Tel: 416.595.8166

Lawyers for the Applicant,
Canadian Western Bank

Appendix “D”

2722959 ONTARIO LTD.
4544 Eastgate Pkwy
Mississauga, Ontario
L4W 3W6

Feldstein & Associates LLP
Chartered Professional Accountants
317 Renfrew Drive, Suite 201
Markham, Ontario
L3R 9S8

January 12, 2022

This representation letter is provided in connection with your review of the financial statements of 2722959 Ontario Ltd. for the period ended August 31, 2021 for the purposes of you expressing a conclusion that, based on your review, nothing has come to your attention that causes you to believe that the financial statements of 2722959 Ontario Ltd. do not present fairly, in all material respects, the financial position of 2722959 Ontario Ltd. as at August 31, 2021, and the results of its operations and its cash flows for the period then ended in accordance with ASPE.

We acknowledge that as management of 2722959 Ontario Ltd., we are responsible for the accuracy and completeness of the financial statements for the period ended August 31, 2021. We understand that you have performed a review of the unaudited financial statements. We also understand that your review consisted primarily of inquiry, analytical procedures and discussions and would not necessarily disclose misstatements and irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. Misstatements (including omissions) are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of company personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm, to the best of our knowledge and belief, the following representations made to you during your review:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 14, 2021 for the preparation and fair presentation of the financial statements in accordance with ASPE.
- We reviewed, approved and recorded all of your proposed adjustments (except for uncorrected misstatements, which are addressed in the next bullet point) to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- Management or other appropriate persons (such as those charged with governance) have accepted responsibility for the financial statements, including the related notes.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the review; and
 - Unrestricted access to persons within the company from whom you determined it necessary to obtain evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you:
 - The identity of the company's related parties and all the related-party relationships and transactions of which we are aware;
 - Significant facts relating to any fraud or suspected fraud known to us that may have affected the company;
 - Known actual or possible non-compliance with laws and regulations for which the effects of non-compliance impact the financial statements of 2722959 Ontario Ltd.;
 - All information relevant to use of the going concern assumption in the financial statements;
 - All events occurring subsequent to the date of the financial statements that may require adjustment or disclosure;
 - Material commitments, contractual obligations or contingencies that have affected or may affect the company's financial statements, including disclosures; and
 - Material non-monetary transactions or transactions for no consideration undertaken by the company in the financial reporting period under consideration.

Other Representations

- Fair values of financial instruments

We believe that the significant assumptions used in arriving at the fair values of financial instruments, as measured and disclosed in the financial statements, are reasonable and appropriate in the circumstances.

- Material transactions

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

- Future plans

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

The company has entered into a non-binding letter of intent with Arizona Beverages USA LLC and is currently working towards setting out the arrangement in a definitive agreement. The final agreement will be in the name of 2156775 Ontario Inc. and 2722959 Ontario Ltd. will enter into an agreement with 2156775 Ontario Inc. to fulfill the agreement.

The company has carefully reviewed its 2022 and 2023 projections and believes that the results should be easily obtainable once the new equipment is up and running.

The company will file/amend its HST returns and claim the appropriate input tax credits.

- Related-party transactions

All related-party transactions have been appropriately measured, reconciled to the appropriate related party(ies) records, and disclosed in the financial statements.

2156775 Ontario Inc. transferred the business operations to this company on February 1, 2021.

During the period, the company purchased property, plant and equipment from 2156775 Ontario Inc. in the amount of \$11,214,598. On February 1, 2021, inventory was purchased in the amount of \$500,000.

The company was charged for various expenses by 2156775 Ontario Inc. including occupancy costs, salaries and benefits, production wages, trucking and vehicle, repairs and maintenance, insurance, professional fees, sales and marketing, telecommunications, office and general, bank charges and interest.

- Estimates

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- Claims

We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.

- Liabilities and contingencies

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

- Ownership

The company has satisfactory title to all assets, and there are no liens or encumbrances on the company's assets except as disclosed in the financial statements.

- Compliance

We have disclosed to you, and the company has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

- The following, where applicable, have been appropriately measured, recorded and disclosed in the financial statements:

- Changes during the period under review in the company's accounting principles and practices.
- Related-party transactions (e.g., transactions with unconsolidated subsidiaries, affiliates, principal owners, directors, shareholders, management, and members of their immediate families) including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

- 4 -

- Share repurchase options or agreements or securities reserved for options, warrants, conversions, or other requirements.
 - Guarantees, whether written or oral, under which the company is contingently liable.
 - All assets to which the company has title and all known liabilities of the company at the period-end.
 - Information regarding the terms and conditions, interest rate risk and credit risk of financial instruments. There are no derivative or off-balance sheet financial instruments held at period-end.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed (e.g., potential or pending claims, lawsuits, labour claims, violation or possible violation of laws or regulations or negotiations and anticipated tax assessments).
 - Major commitments such as fixed asset purchase agreements, deferred compensation, bonuses, pensions and profit-sharing plans, purchase or sale of all or a portion of a business.
 - The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
 - The company uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are disclosed in the statement of income.
 - The company has elected to apply Canadian accounting standards for private enterprises, hereafter referred to as ASPE. These financial statements for the period ended August 31, 2021 are the first financial statements for which the company has applied ASPE and were prepared in accordance with the provisions set out in FIRST-TIME ADOPTION, Section 1500, of the CICA Handbook.
- We are aware of the environmental laws and regulations that impact on our company and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.
 - We have disclosed to you all significant customers and/or suppliers of the company who individually represent a significant volume of transactions with our company.
 - Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:
 - Appropriate provisions for idle or obsolete assets or where site restoration costs will be necessary.
 - Impairments in the value of goodwill or intangible assets.
 - Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfil, any sales commitments.
 - Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
 - There were no inventories on consignment, bill-and-hold, or other arrangements, either owned by us or by our suppliers. Provision, when material, has been made (i) to reduce excess or obsolete inventories to their estimated net realizable value and (ii) for any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

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- No events have occurred subsequent to the balance-sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- The minute books of the company are a complete record of all meetings and resolutions of shareholders and directors throughout the period and to the present date. The financial statements disclose all significant transactions and events reflected in the minute books.
- We have responded fully to all inquiries made to us by you during your review.

Acknowledged and agreed on behalf of 2722959 Ontario Ltd. by:

Per: *Gemma Ruggieri* January 12, 2022
Frank D'Angelo

Appendix “E”



Tax Centre
Hamilton ON L8R 3P7

December 01, 2022

2156775 ONTARIO INC.
C/O MNP LTD.
111 RICHMOND ST WEST, SUITE 300
TORONTO ON M5H 2G4

Account Number
82977 9354 RT0001

Dear Sheldon Title:

Subject: 2156775 ONTARIO INC.

We understand that you have been appointed receiver or receiver-manager (receiver) for the above GST/HST registrant. Currently, the registrant owes goods and services tax / harmonized sales tax (GST/HST) of \$7,878,260.57.

Period outstanding	GST/HST payable	Penalty & interest	Total
2018-08-31	\$130,651.96	\$ 57,701.82	\$188,353.78
2018-09-30	\$273,242.51	\$ 64,132.31	\$337,374.82
2018-10-31	\$245,547.12	\$ 56,140.65	\$301,687.77
2018-11-30	\$173,956.04	\$ 38,686.13	\$212,642.17
2018-12-31	\$ 81,304.73	\$ 17,576.27	\$ 98,881.00
2019-01-31	\$218,347.02	\$ 45,982.36	\$264,329.38
2019-02-28	\$113,886.99	\$ 23,283.08	\$137,170.07
2019-03-31	\$252,917.49	\$ 50,208.08	\$303,125.57
2019-04-30	\$158,489.10	\$ 30,497.15	\$188,986.25
2019-05-31	\$255,877.31	\$ 47,736.16	\$303,613.47
2019-06-30	\$217,850.31	\$ 39,328.09	\$257,178.40
2019-07-31	\$261,047.73	\$ 45,560.14	\$306,607.87
2019-08-31	\$260,959.13	\$ 44,036.99	\$304,996.12
2019-09-30	\$234,258.58	\$ 38,139.73	\$272,398.31
2019-10-31	\$306,172.57	\$ 48,096.81	\$354,269.38
2019-11-30	\$210,560.83	\$ 31,838.82	\$242,399.65
2019-12-31	\$ 94,060.39	\$ 13,674.01	\$107,734.40
2020-01-31	\$206,355.73	\$ 28,877.97	\$235,233.70
2020-02-29	\$237,635.00	\$ 32,059.01	\$269,694.01
2020-03-31	\$195,281.00	\$ 26,345.07	\$221,626.07
2020-04-30	\$142,784.00	\$ 19,262.77	\$162,046.77

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2020-05-31	\$198,607.00	\$ 26,793.78	\$225,400.78
2020-06-30	\$166,771.00	\$ 21,699.02	\$188,470.02
2020-07-31	\$117,963.00	\$ 14,785.14	\$132,748.14
2020-08-31	\$190,020.00	\$ 22,942.05	\$212,962.05
2020-09-30	\$261,077.00	\$ 30,284.66	\$291,361.66
2020-10-31	\$201,957.00	\$ 22,505.05	\$224,462.05
2020-11-30	\$166,528.00	\$ 17,774.91	\$184,302.91
2020-12-31	\$140,576.00	\$ 14,345.61	\$154,921.61
2021-01-31	\$ 97,183.00	\$ 9,507.42	\$106,690.42
2021-02-28	\$ 61,173.00	\$ 5,699.99	\$ 66,872.99
2021-03-31	\$145,257.00	\$ 12,883.60	\$158,140.60
2021-04-30	\$180,331.00	\$ 15,162.63	\$195,493.63
2021-05-31	\$119,343.00	\$ 9,504.06	\$128,847.06
2021-06-30	\$158,390.00	\$ 11,889.02	\$170,279.02
2021-07-31	\$ 1,934.00	\$ 136.35	\$ 2,070.35
2021-12-31	\$233,757.92	\$ 11,291.63	\$245,049.55
2022-01-31	\$ 29,474.00	\$ 1,305.46	\$ 30,779.46
2022-02-28	\$ 9,579.00	\$ 381.89	\$ 9,960.89
2022-03-31	\$ 4,584.51	\$ 210.69	\$ 4,795.20
2022-04-30	\$ 50,605.79	\$ 2,492.86	\$ 53,098.65
2022-05-12	\$ 20,242.31	\$ 962.26	\$ 21,204.57
	=====	=====	=====
TOTAL	\$6,826,539.07	\$1,051,721.50	\$7,878,260.57

Under the Excise Tax Act, \$6,755,690.97 of the above totals represents property of the Crown held in trust and does not form part of 2156775 ONTARIO INC.'s property, business, or estate. This is the case whether or not those funds are kept separate and apart from the registrant's own money or from the estate's assets.

You must pay the Receiver General for Canada \$6,755,690.97 out of the realization of any property subject to the trust created by subsection 222(3) of the Act before paying any other creditor. Please send us your payment right away. If this is not possible, please tell us when you will make the payment. Also, please tell us when you will pay the remaining balance of \$1,122,569.60.

As a receiver, you must collect and remit the registrant's GST/HST for the period you are acting as a receiver. You also must file the registrant's returns for any periods ending while you were acting as receiver. This includes any returns the registrant did not file for a period ending in or immediately before the fiscal year you became receiver.

For more information or clarification, please call us at
416-997-1102.

Yours truly,

A handwritten signature in black ink, appearing to read 'K. Figaszewska', with a stylized flourish at the end.

Kamila Figaszewska
Complex Case Officer



Tax Centre
Hamilton ON L8R 3P7

December 01, 2022

2156775 ONTARIO INC.
C/O MNP LTD.
111 RICHMOND ST WEST, SUITE 300
TORONTO ON M5H 2G4

Account Number
82977 9354 RP0001

Dear Sheldon Title:

Subject: 2156775 ONTARIO INC. sometime carrying on business as
2156775 ONTARIO INC
Account number: 82977 9354 RP0001

We were told that you have been appointed as receiver for the above-named. There is a debt owed to the Canada Revenue Agency for source deductions amounting to \$71,045.86 for income tax and Canada Pension Plan (CPP) contributions, as well as employment insurance (EI) premiums.

Details of the debt are as follows:

Tax deductions:	\$37,919.26
CPP:	\$16,110.53
EI:	\$3,321.97
Penalties and interest:	\$13,694.10
Total:	\$71,045.86

Further to the Income Tax Act, the Canada Pension Plan, and the Employment Insurance Act, the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of 2156775 ONTARIO INC. sometime carrying on business as 2156775 ONTARIO INC in receivership.

Federal income tax:	\$0.00
Provincial income tax:	\$0.00
CPP employee part:	\$0.00
EI employee part:	\$0.00
Total:	\$0.00

Payment for the total amount of this trust, namely \$0.00, must be made to the Receiver General for Canada out of the realization of any property that is subject to these statutory trusts in priority

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to all other creditors.

Please let us know when payment of this trust amount and the remaining balance of \$71,045.86 will be made.

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

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

For more information or clarification, please call me at 416-997-1102.

Yours truly,



Kamila Figaszewska
Complex Case Officer



Canada Revenue Agency
Agence du revenu
du Canada

Tax Centre
Hamilton ON L8R 3P7

December 01, 2022

2156775 ONTARIO INC.
C/O MNP LTD.
111 RICHMOND STREET WEST, SUITE 300
TORONTO ON M5H 2G4

Account Number
82977 9354 RP0001


Dear Sheldon Title:

Re: Source Deductions Arrears - 2021-01-01 to 2022-11-30

We have attached a detailed statement of 2156775 ONTARIO INC. income tax account to help you reconcile your records. We recommend you keep it for future reference.

If you have any questions please contact the undersigned.

Yours truly,


Kamila Figaszewska
Complex Case Officer

Canada

National Insolvency Office
55 Bay Street North
Hamilton ON L8R 3P7

Local : 416-997-1102
Fax : 418-556-1820
Web site : canada.ca/taxes

Appendix “F”



Order to Pay Wages
Employment Standards Act, 2000
 Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
 Employment Standards Program

Order ID# 0019720-OP001	Date Issued: August 29, 2022
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Issued To:
 2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$4,834.40	For Claim ID#	0019720-CL000
Administration Costs	\$483.44		
Total Amount of Order	\$5,317.84		

Noella Kirkey
 Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

Retain this order for your records.

See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0021046-OP001	Date Issued: August 29, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$4,583.01	For Claim ID#	0021046-CL000
Administration Costs	\$458.30		
Total Amount of Order	\$5,041.31		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

Retain this order for your records.

See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0021158-OP001	Date Issued: August 15, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$10,502.07	For Claim ID#	0021158-CL000
Administration Costs	\$1,050.21		
Total Amount of Order	\$11,552.28		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

Retain this order for your records.

See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

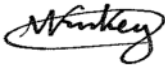
Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0021206-OP001	Date Issued: September 13, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$4,428.09	For Claim ID#	0021206-CL000
Administration Costs	\$442.81		
Total Amount of Order	\$4,870.90		



Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

Retain this order for your records.

See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0021791-OP001	Date Issued: October 27, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$15,580.50	For Claim ID#	0021791-CL000
Administration Costs	\$1,558.05		
Total Amount of Order	\$17,138.55		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

Retain this order for your records.

See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0022021-OP001	Date Issued: November 03, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$10,237.37	For Claim ID#	0022021-CL000
Administration Costs	\$1,023.74		
Total Amount of Order	\$11,261.11		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0022203-OP001	Date Issued: September 19, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$12,854.38	For Claim ID#	0022203-CL000
Administration Costs	\$1,285.44		
Total Amount of Order	\$14,139.82		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0022385-OP001	Date Issued: November 08, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$4,700.75	For Claim ID#	0022385-CL000
Administration Costs	\$470.08		
Total Amount of Order	\$5,170.83		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

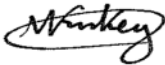
Ministry of Labour, Training and Skills Development
Employment Standards Program

Order ID# 0022990-OP001	Date Issued: November 18, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$12,118.62	For Claim ID#	0022990-CL000
Administration Costs	\$1,211.86		
Total Amount of Order	\$13,330.48		



Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Immigration, Training and Skills Development
Employment Standards Program

Order ID# 0023398-OP001	Date Issued: December 05, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$24,885.85	For Claim ID#	0023398-CL000
Administration Costs	\$2,488.59		
Total Amount of Order	\$27,374.44		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
 Statutes of Ontario 2000, Chapter 41

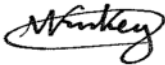
Ministry of Labour, Immigration, Training and Skills Development
 Employment Standards Program

Order ID# 0023399-OP001	Date Issued: December 12, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$43,861.24	For Claim ID#	0023399-CL000
Administration Costs	\$4,386.12		
Total Amount of Order	\$48,247.36		



Noella Kirkey
 Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

Ministry of Labour, Immigration, Training and Skills Development
Employment Standards Program

Order ID# 0023942-OP003	Date Issued: December 15, 2022
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$28,397.84	For Claim ID#	0023942-CL000
Administration Costs	\$2,839.78		
Total Amount of Order	\$31,237.62		

Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

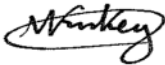
Ministry of Labour, Immigration, Training and Skills Development
Employment Standards Program

Order ID# 0024484-OP001	Date Issued: February 24, 2023
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$39,215.96	For Claim ID#	0024484-CL000
Administration Costs	\$3,921.60		
Total Amount of Order	\$43,137.56		



Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

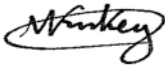
Ministry of Labour, Immigration, Training and Skills Development
Employment Standards Program

Order ID# 0024850-OP002	Date Issued: February 28, 2023
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$17,415.18	For Claim ID#	0024850-CL000
Administration Costs	\$1,741.52		
Total Amount of Order	\$19,156.70		



Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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See the instructions on the next page for payment options and applying for a review of the order.



Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41

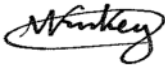
Ministry of Labour, Immigration, Training and Skills Development
Employment Standards Program

Order ID# 0026812-OP001	Date Issued: February 27, 2023
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$9,361.13	For Claim ID#	0026812-CL000
Administration Costs	\$936.11		
Total Amount of Order	\$10,297.24		



Noella Kirkey
Employment Standards Officer #1527

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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Order to Pay Wages
Employment Standards Act, 2000
Statutes of Ontario 2000, Chapter 41


Ministry of Labour, Immigration, Training and Skills Development
Employment Standards Program

Order ID# 0031773-OP001	Date Issued: May 02, 2023
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Issued To:
2156775 ONTARIO INC.

Pursuant to section 103, you are ordered to pay the following amounts to the Director of Employment Standards in Trust:

Wages	\$6,089.54	For Claim ID#	0031773-CL000
Administration Costs	\$608.95		
Total Amount of Order	\$6,698.49		


Jacqueline Longmore-Crann
Employment Standards Officer #1534

You are required to pay the total amount indicated to the Director of Employment Standards if you are not applying for a review of the order. Payments are to be made in Canadian funds. Failure to pay the order within 30 days of the date of service may result in further enforcement action, including referral of this matter to a collector whose fee will be added to the amount of the order.

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