

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF SANTIAGO SARAVIA AND SIAN FERNANDEZ THOMAS
of the Town of Wendover, in the Province of Ontario

BETWEEN:

MICHAEL CADOTTE AND STEPHEN KAY

Applicant

and

SANTIAGO SARAVIA AND SIAN FERNANDEZ THOMAS

Respondents

SEOND AND FINAL REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
SANTIAGO SARAVIA AND SIAN FERNANDEZ THOMAS

JUNE 3, 2021

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INTRODUCTION AND BACKGROUND

1. Santiago Saravia and Sian Fernandez Thomas (the “Debtors”) reside at 3550 2nd Concession Road, Wendover, Ontario (the “Real Property”).
2. The Debtors operated a horse boarding and riding facility known as the International Equestrian Centre at the Real Property.
3. On March 11, 2016, the Debtors granted a General Security Agreement (“GSA”) to The LCRC Trust, The MRJK Trust and Michael Cadotte. On August 15, 2019, the GSA was assigned to Mainstreet Credit Union Limited (“Mainstreet”) and then subsequently re-assigned to the Lenders. Contained as Exhibit I and J of the Affidavit of Stephen Kay to the Receivership Application Record (the “Kay Affidavit”) is the GSA and assignment of interest to Mainstreet.
4. On or about April 19, 2016, the Debtors became indebted to Michael Cadotte and Stephen Kay (the “Lenders”) with respect to certain credit facilities granted by the Lenders pursuant to a mortgage along with the GSA (the “Security”).
5. The mortgage was transferred to Mainstreet on April 19, 2016, contained as Exhibit C of the Kay Affidavit, and then transferred back to the Lenders on December 4, 2019, contained as Exhibit E of the Kay Affidavit.
6. On April 19, 2016, the second mortgage holders, Wolfgang and Beverly Schinke (“Schinke”) granted a postponement in favour of the Lenders.
7. On July 2, 2019, Mainstreet issued a Statement of Claim in the amount of \$800,332.28 contained as Exhibit G of the Kay Affidavit.
8. On July 15, 2019, Mainstreet issued a Notice of Sale Under Mortgage/Charge requiring the Debtors to pay the sum of \$805,759.32 no later than August 22, 2019. A copy of the Notice of Sale Under Mortgage is contained as Exhibit F of the Kay Affidavit.
9. On July 15, 2019, Mainstreet also issued a Notice of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“BIA”), which statutory notice is contained as Exhibit F of the Kay Affidavit.

10. On July 15, 2019, Mainstreet issued the Farm Debt Mediation Notice of Intent to Realize on the Security contained as Exhibit F of the Kay Affidavit.
11. On July 23, 2019, Mainstreet issued a Notice Pursuant to Section 63(4) of the Personal Property Security Act to the Debtors in the amount of \$805,759.32, contained as Exhibit K of the Kay Affidavit.
12. On September 13, 2020, Mainstreet obtained default Judgment against the Debtors in the amount of \$825,000.06 plus cost of \$1,470.23 contained as Exhibit H of the Kay Affidavit.
13. Reported in the Application Record, the Debtors obligations to the Lenders pursuant to the above Security (the “Indebtedness”) totaled \$825,000.06 as at September 19, 2019 (excluding interest and fees accrued since).
14. The Security provides for the appointment of a receiver in the event of default by the Company under the Security.
15. On January 15, 2020, the Lenders brought an application for the appointment of MNP Ltd. (“MNP”) as the receiver of the Company for the protection of the interests of the Lenders and other stakeholders.
16. By Order of this Honourable Court dated January 30, 2020 (the “Receivership Order”), MNP was appointed receiver (the “Receiver”), without security, of all of the assets, undertakings and properties of Company used in relation to its business, including all proceeds thereof (the “Property”, which is taken to include the Real Property). A copy of the Receivership Order is attached at **Appendix “1”**.
17. The prescribed notices and statements of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA were sent to the Company’s creditors. A copy of this notice is attached at **Appendix “2”**.
18. The First Report (without appendices) is attached as **Appendix “3”**.
19. Pursuant to the Order of the Honourable Madam Justice Sally Gomery dated February 17, 2021, (the “Approval Order”) the Receiver was authorized to proceed with the completion of the Sales Transaction (as defined below) for the sale of the Real Property

and to make an initial distribution to the Lenders in the amount of \$500,000.00. Attached as **Appendix “4”** is a copy of the Approval Order, along with a copy of the ancillary order issued on the that same day.

PURPOSE OF THIS REPORT

20. The purpose of this second and final report of the Receiver to the Court (the “**Final Report**”) is to:

- (a) report on the activities of the Receiver since the First Report;
- (b) seek the Court’s approval of the activities and conduct of the Receiver and that of its legal counsel as described in the Final Report;
- (c) seek the Court’s approval of the professional fees and disbursements of the Receiver and of its legal counsel;
- (d) seek the Court’s approval of the Receiver’s final statement of receipts and disbursements;
- (e) after payment of the amounts set out at subparagraphs (c) above, seek the Court’s approval and direction for the Receiver to distribute the remaining funds in the Company’s estate to the Lenders on account of their secured claim; and
- (a) obtain the Court’s approval for the release and discharge of the Receiver, including as a term of the Order discharging it, the release and discharge of the Receiver from any and all liability which the Receiver now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of the Receiver while acting in its capacity as Receiver, save and except for any gross negligence or willful misconduct on the Receiver’s part.

21. All amounts referred to in the Final Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

22. This Final Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination of whether to approve the relief being sought.

23. In preparing this Final Report, the Receiver has relied upon information from third party sources (collectively, the “**Information**”). Certain of the information contained herein

may refer to, or be based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Honourable Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook.

RECEIVERSHIP ACTIVITIES FOLLOWING THE APPROVAL ORDER

24. Since the date of the First Report, the Receiver has undertaken the following actions in accordance with the Receivership Order and Approval Order:

- (a) completed the Sales Transaction for the sale of the Real Property in accordance with the Approval Order;
- (b) directed its legal counsel to wire the approved distribution in the amount of \$500,000.00 to the Lenders;
- (c) arranged for the transfer keys to the purchaser;
- (d) paid the outstanding municipal tax invoices in favour of the Township of Alfred & Plantagenet;
- (e) arranged for the termination of utilities in respect of the Real Property or for the transfer of accounts to the purchaser;
- (f) arranged for the termination of the insurance in respect of the Real Property and the return of excess premiums; and
- (g) resolved the outstanding issue regarding hydro in the name of the previous owner.

THE SALES AGREEMENT AND TRANSACTION

25. On December 1, 2020, the Receiver accepted the final offer to purchase (the “Sales Agreement”), copies of which are attached as Confidential Appendix “D” to the First Report. The Sales Agreement was unconditional, provided for a deposit of eighty-thousand-dollar deposit (\$80,000.00), was binding and that the closing (the “Sales Transaction”) was subject to approval of the Court.

26. On March 1, 2021, the Sales Transaction closed pursuant to the Sales Agreement and the Approval Order.

ONGOING OPERATIONS

27. The Receiver did not operate the riding or boarding facility due to the high risk of fire and refusal by insurance companies to provide the Receiver with insurance coverage if such operations continued.

28. All horses were returned to their owners within the first two weeks of the appointment of the Receiver and any equipment that had realizable value was sold and reported on in the First Report.

PRIORITY AND SECURED CLAIMS

Priority Claims

29. The Receiver is not aware of any claims that would rank in priority to the Lenders.

Secured Claims

30. On January 22, 2021, the Receiver obtained from Paul O. D'Angelo of BD Law Offices a legal opinion regarding the validity and enforceability of the security held by the Lenders, a copy of which is attached at Appendix "12" of the First Report.

31. Based on this legal opinion, it appears that the Lender's security is valid and enforceable as against the Real Property and creates a first ranking charge. The Lender's mortgage is a first-ranking mortgage in the principal amount of \$700,000.00, which encumbers title to the Real Property.

32. The parcel register for the Real Property confirms that the Lenders registered a first-ranking charge on title of the Real Property on April 19, 2016. A copy of the parcel register for the Real Property dated January 18, 2021 is attached at Appendix "10" of the First Report.

33. The parcel register confirms a postponement agreement in favour of the Lenders has been registered. A copy of the Schinke postponement is attached at Appendix "11" of the First Report.

34. The PPSA search results dated January 19, 2021 report that the only registered secured creditor is the Lenders. A copy of the PPSA search results is contained at Appendix "8" of the First Report.
35. The Lenders have an outstanding Judgment in the amount of \$825,000.06 plus ongoing interest, and legal costs. The Judgment is attached at Appendix "13" of the First Report.

FUNDS AVAILABLE FOR DISTRIBUTION

36. A copy of the Receiver's Final Statement of Receipts and Disbursements ("Final Statement") is attached at Appendix "5".

PROFESSIONAL FEES

37. Pursuant to paragraph 18 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person.
38. Pursuant to paragraph 19 of the Appointment Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.
39. Attached as Appendix "6" hereto is the Affidavit of John Haralovich sworn on May 31, 2021, in support of the fees and disbursements of the Receiver for the period from January 30, 2020 to May 31, 2021 \$28,596.60, plus HST of \$3,717.56 for a total of \$32,314.16. The Receiver estimates an additional \$2,500.00 plus HST to conclude the administration of the Receivership.
40. Attached as Appendix "7" hereto is the Affidavit of Robert Lewis, sworn on June 3, 2021, in support of the fees and disbursements of the Receiver's counsel for the period up to and including May 31, 2021 totaling \$7,024.68, inclusive of HST, plus an estimated additional \$2,500.00 plus HST to conclude the administration of the Receivership.

COMPLETION OF THE RECEIVERSHIP

41. As the Receiver's administration of this estate is substantially complete, the Receiver is presently seeking an Order discharging MNP from the powers, duties and obligations attendant to its appointment as Receiver. The Receiver is proposing that the discharge Order become effective on the day that the Receiver files with the Court a certificate in which the Receiver certifies that it has distributed all funds in its possession, prepared a final statement of receipts and disbursements, a copy of which is to be attached to the Receiver's certificate, and has completed its administration of the receivership.

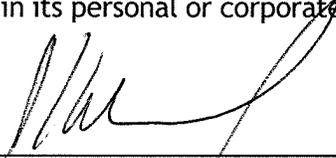
SUMMARY AND RECOMMENDATIONS

42. For the reasons outlined above, the Receiver respectfully recommends that this Court grant the Receiver's request for an Order providing for, amongst other things:
- (a) If necessary, abridging the time for and validation of service of the Notice of Motion and Motion Record herein;
 - (b) Approving the Receiver's Final Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the Final Report;
 - (c) Approving the Receiver's Final Statement;
 - (d) Approving the payment of the fees and disbursements of the Receiver and the Receiver's counsel;
 - (e) Approving the Receiver distributing the remaining estate receivership funds to the Lenders; and
 - (f) Discharging and releasing MNP from the powers, duties and obligations attendant to its appointment as Receiver, effective upon the filing of the Receiver's Discharge Certificate indicating that the Receiver has completed its administration.

This Final Report is respectfully submitted to the Honourable Court as of this 3rd day of June 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
Santiago Savavia and Sian Fernandez Thomas
and not in its personal or corporate capacity
Per:



John P. Haralovich, CPA, CA, CIRP, CMA
Senior Vice President

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE) THURSDAY, THE 30TH
JUSTICE SALLY GOMERY)
DAY OF JANUARY, 2020

MICHAEL CADOTTE AND STEPHEN KAY

Applicants

- and -

SANTIAGO SARAVIA AND SIAN FERNANDEZ THOMAS

Respondents

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicants for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing MNP Ltd. as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Santiago Saravia and Sian Fernandez Thomas (the "Debtors") was heard this day at 161 Elgin St., Ottawa, Ontario.

ON READING the affidavit of Stephen Kay, sworn December 10, 2019, and the Exhibits thereto and on hearing the submissions of counsel for the Applicants, no one appearing for the Debtors although duly served as appears from the affidavits of service of Michael Couvrette, sworn January 21, 2020, and on reading the consent of MNP Ltd. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application 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 that pursuant to section 243(1) of the BIA and section 101 of the CJA, MNP Ltd. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that 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 take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) 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 the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) 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 the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their employees, agents, accountants, legal counsel, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (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, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons 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 the Debtors, and 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 5 or in paragraph 6 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.

6. 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 information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information 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 access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. 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 THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors 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 the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, 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 the Debtors to carry on any business which the Debtors is are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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

11. 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 the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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 the Debtor 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 the Debtors' 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 the Debtors 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.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. 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, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information

provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. 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.

LIMITATION ON THE RECEIVER'S LIABILITY

17. 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, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. 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.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver

shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its 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 Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. 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.

26. 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 the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor 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

27. 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.

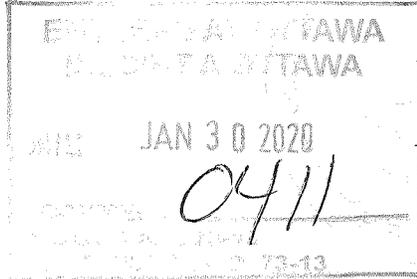
28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

29. 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.

30. 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.

31. THIS COURT ORDERS that the Applicants shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicants' security or, if not so provided by the Applicants' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

32. 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.



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

MICHAEL CADOTTE AND STEPHEN KAY
Applicant

V. SANTIAGO SARAVIA et al.
Respondents

Court File No. CV20 000 82536 000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at
OTTAWA

**ORDER
(APPOINTING RECEIVER)**

MEROVITZ POTECHIN LLP
Barristers & Solicitors
301 - 200 Catherine St.
Ottawa, Ontario K2P 2K9

Robert J. De Toni (LSO No. 37571C)

Tel: (613) 563-7544

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Lawyers for the Applicant

Box No. 64
(MAT116149)

2

District of: Ontario
Division No. 12 - Ottawa
Court No. 33-165736
Estate No. 33-165736

- FORM 87 -

Notice of Statement of the Receiver
(Subsections 245(1) and 246(1) of the Act)

In the matter of the receivership of
Santiago Saravia and Sian Fernandez Thomas
of the Community of Wendover, in the County of United Counties of Prescott and Russell
in the Province of Ontario

The receiver gives notice and declares that:

1. On the 30th day of January 2020, we, MNP Ltd., became the receiver in respect of the property of Santiago Saravia and Sian Fernandez Thomas, that is described below:

Other	Horses	2500.00
Other	Farm Equipment	10000.00
Real Property or Immovable	Building - Wendover - 3550 2nd Concession Road	990000.00

2. We became a receiver by having taken possession or control of the property described above (or by virtue of being appointed by Michael Cadotte and Stephen Kay), pursuant to Registered Mortgage on 3550 2nd Concession Road, Wendover, Ontario dated April 19, 2016 and a general security agreement dated March 11, 2016.

3. The undersigned took possession or control of the property described above on the 30th day of January 2020.

4. The following information relates to the receivership:

(a) Address: 3550 Concession 2 Rd, Wendover, ON, K0A 3K0

(b) Principal line of business: Horse Boarding Farm

(c) Location(s) of business:

3550 2nd Concession Road, Wendover, ON, K0A 3K0

(d) Amount owed to each creditor who holds a security on the property described above:

Michael Cadotte	\$450000.00
Stephen Kay	\$450000.00
Township of Alfred and Plantagenet	\$10000.00

(e) The list of other creditors and the amount owed to each creditor and the total amount due is as follows:

Mainstreet Credit Union	Unsecured	\$1.00
Guy Dejardain Beantown Ranch	Unsecured	\$1.00
Hydro One Networks Inc.	Unsecured	\$391.32
Hydro One Networks Inc.	Unsecured	\$58.54
Hydro One Networks Inc.	Unsecured	\$1.00
Guy Laforge Plumbing	Unsecured	\$1.00
CRA - Tax - Ontario	Unsecured	\$1.00

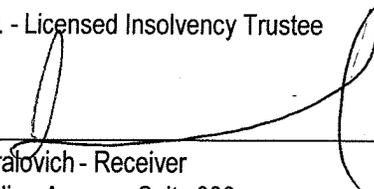
(f) The intended plan of action of the receiver during the receivership, to the extent that such a plan has been determined, is as follows: The Receiver will dispose of the horses and equipment and liquidate the property.

(g) Contact person for receiver:

John Haralovich, Tel: (613) 691-4270, Fax: (613) 726-9009.

Dated at the City of Ottawa in the Province of Ontario, this 6th day of February 2020.

MNP Ltd. - Licensed Insolvency Trustee
Per:



John Haralovich - Receiver
1600 Carling Avenue, Suite 800
Ottawa ON K1Z 1G3
Phone: (613) 691-4270 Fax: (613) 726-9009

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

MICHAEL CADOTTE AND STEPHEN KAY

Applicant

and

SANTIAGO SARA VIA AND SIAN FERNANDEZ THOMAS

Respondents

**FIRST REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
SANTIAGO SARA VIA AND SIAN FERNANDEZ THOMAS**

JANUARY 26, 2021

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- 4 Market teaser brochure
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- A January 18, 2016 Rivington Associates Commercial Division Inc.
- B Unredacted Sales and Marketing summary
- C Correspondence from purchaser
- D Unredacted Purchase and Sale Agreement

INTRODUCTION AND BACKGROUND

1. Santiago Saravia and Sian Fernandez Thomas (the “Debtors”) reside at 3550 2nd Concession Road, Wendover, Ontario (the “Real Property”).
2. The Debtors resided and operated a horse boarding and riding facility known as the International Equestrian Centre at the Real Property.
3. On March 11, 2016, the Debtors granted a General Security Agreement (“GSA”) to The LCRC Trust, The MRJK Trust and Michael Cadotte. On August 15, 2019, the GSA was assigned to Mainstreet Credit Union Limited (“Mainstreet”) and then subsequently re-assigned to the Lenders. Contained as Exhibit I and J of the Affidavit of Stephen Kay to the Receivership Application Record (the “Kay Affidavit”) is the GSA and assignment of interest to Mainstreet.
4. On or about April 19, 2016, the Debtors became indebted to Michael Cadotte and Stephen Kay (the “Lenders”) with respect to certain credit facilities granted by the Lenders pursuant to a mortgage along with the GSA (the “Security”).
5. The mortgage was transferred to Mainstreet on April 19, 2016, contained as Exhibit C of the Kay Affidavit, and then transferred back to the Lenders on December 4, 2019, contained as Exhibit E of the Kay Affidavit.
6. On April 19, 2016, the second mortgage holders, Wolfgang and Beverly Schinke (“Schinke”) granted a postponement in favour of the Lenders.
7. On July 2, 2019, Mainstreet issued a Statement of Claim in the amount of \$800,332.28 contained as Exhibit G of the Kay Affidavit.
8. On July 15, 2019, Mainstreet issued a Notice of Sale Under Mortgage/Charge requiring the Debtors to pay the sum of \$805,759.32 no later than August 22, 2019. A copy of the Notice of Sale Under Mortgage is contained as Exhibit F of the Kay Affidavit.
9. On July 15, 2019, Mainstreet also issued a Notice of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“BIA”), which statutory notice is contained as Exhibit F of the Kay Affidavit.

10. On July 15, 2019, Mainstreet issued the Farm Debt Mediation Notice of Intent to Realize on the Security contained as Exhibit F of the Kay Affidavit.
11. On July 23, 2019, Mainstreet issued a Notice Pursuant to Section 63(4) of the Personal Property Security Act to the Debtors in the amount of \$805,759.32, contained as Exhibit K of the Kay Affidavit.
12. On September 13, 2020, Mainstreet obtained default Judgment against the Debtors in the amount of \$825,000.06 plus cost of \$1,470.23 contained as Exhibit H of the Kay Affidavit.
13. Reported in the Application Record, the Debtors obligations to the Lenders pursuant to the above Security (the “Indebtedness”) totaled \$825,000.06 as at September 19, 2019 (excluding interest and fees accrued since).
14. The Security provides for the appointment of a receiver in the event of default by the Company under the Security.
15. On January 15, 2020, the Lenders brought an application for the appointment of MNP Ltd. (“MNP”) as the receiver of the Company for the protection of the interests of the Lenders and other stakeholders.
16. By Order of this Honourable Court dated January 30, 2020 (the “Receivership Order”), MNP was appointed receiver (the “Receiver”), without security, of all of the assets, undertakings and properties of Company used in relation to its business, including all proceeds thereof (the “Property”, which is taken to include the Real Property). A copy of the Receivership Order is attached at **Appendix “1”**.

PURPOSE OF THIS REPORT

17. The purpose of this first report of the Receiver to the Court (the “First Report”) is to:
 - (a) report on the activities of the Receiver since its appointment pursuant to the Receivership Order;
 - (b) seek the Court’s approval of the activities and conduct of the Receiver and that of its legal counsel as described in the First Report;

- (c) seek the Court's approval of the Sales Agreement (as defined below) and of the Sales Transaction (as defined below) and the conveyance of the Real Property to the purchaser thereof and vesting title to the Real Property in the purchaser;
- (d) seek the Court's approval to seal certain confidential appendices to the First Report;
- (e) seek the Court's approval of the Receiver's Interim Statement of Receipts and Disbursements ("**SRD**");
- (f) seek the Court's approval in respect of an interim distribution to Lenders in the amount of \$500,000.00 on account of their first-ranking mortgage and secured claim; and
- (g) to seek the Court's approval in respect of paying to the Township of Alfred & Plantagenet (the "**Township**") all outstanding municipal tax arrears (the "**Tax Arrears**") in respect of the Real Property.

18. All amounts referred to in the First Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

19. This First Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination of whether to approve the relief being sought.

20. In preparing this First Report, the Receiver has relied upon information from third party sources (collectively, the "**Information**"). Certain of the information contained herein may refer to, or be based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Honourable Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook.

INITIAL RECEIVERSHIP ACTIVITIES

21. Immediately following the granting of the Receivership Order on January 30, 2020 (the “Receivership Date”), the Receiver attended at the Real Property to take possession of and secure the Property. The initial activities of the Receiver included:
- (a) notifying the Debtors of MNP’s appointment as Receiver;
 - (b) confirming the Debtors will maintain utilities while they remained at the Real Property;
 - (c) attending at the Real Property to inspect the site, inventory the horses and take photos;
 - (d) obtaining the contact information for the owners of the horses;
 - (e) sending notice of appoint of the Receiver to all horse owners, along with a prescribe notice of third-party claim to be completed and returned to the Receiver before any horse would be removed from the Real Property;
 - (f) for the three horses owned by the Debtors, plan for their sale;
 - (g) inventory farm assets and request an appraisal from Rideau Auctions Inc.;
 - (h) obtaining insurance for the Real Property;
 - (i) requesting relevant information of books and records of the Company;
 - (j) responding to creditor inquiries; and
 - (k) preparing and issuing the prescribed notices and statement of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA, which was sent to the Company’s creditors. A copy of this notice is attached at **Appendix “2”**.

THE REAL PROPERTY, THE APPRAISAL AND THE LISTING

22. On February 9, 2012, the Debtors purchased the Real Property for \$950,000.00.
23. There was no environmental assessment completed on the Real Property given the current use did not warrant such a report nor expense.
24. On January 18, 2016, Debtors obtained a real estate appraisal from Rivington Associates Commercial Division Inc. (the “Rivington Appraisal”). A copy of the Rivington Appraisal is attached as **Confidential Appendix “A”**.

25. The Rivington Appraisal notes the following to arrive at the appraised value:
- a) the assessed property value was \$582,000 for the 2016 taxation year (page 6);
 - b) 112 acres of cleared land, approximately 50 acres of bush and swamp lands (page 10); and
 - c) site soil type is Class 4 and 5, with Class 4 limiting farming to be low productivity and class 5 having no use for sustained production of field crops (page 10).
26. The Receiver inspected the ten (10) cabins and three mobile homes which were all vacant and in complete disrepair. The Rivington Appraisal attributed no value to the structures and there would be a significant cost to remove these structures from the Real Property.
27. The Receiver inspected the main residence and observed holes in the roof with water leaking from melting snow which flowed into the back portion of the house.
28. The Receiver concluded that no other appraisals were required given the limited use of the land for farming, lack of commercial activity and limited sales transactions in the immediate area.
29. The Receiver requested a listing agreement from Gentry Real Estate Services Limited (“Gentry”) to market and sell the Real Property.
30. Gentry attended the Real Property to inspect the site and review in person the deficiencies in a number of the structures, including the main residence.
31. On February 7, 2020, Gentry provided the Receiver with a listing agreement with a recommended listing price for the Real Property of \$1,190,00.00 and a commission rate of 3.5% if sold exclusively and 4.5% if there would be a cooperating broker. A copy of the listing agreement is contained at **Appendix “3”**.
32. The aggregate principal amount of the registered mortgages against title of the Real Property total \$860,000.00.
33. The Receiver consulted with the Lenders who provided their support for the Receiver to enter into a listing agreement with Gentry having a listing price of \$1,190,000.00.

34. As a result, given the favourable terms contained in the Gentry listing agreement and that Gentry is a reputable, competent and licensed commercial real estate broker, the Receiver did not canvass the market for a second proposal. The Real property was listed for sale at \$1,190,000.00.

MARKETING OF REAL PROPERTY AND RESULTS

35. The marketing process and the results of the marketing process are detailed in **Confidential Appendix “B”** and a redacted copy is attached at **Appendix “4”**.

36. Highlights of Gentry’s marketing process in respect of the sale of the Real Property are as follows:

- a) Gentry went to market on February 7, 2020, a copy of the information brochure is attached at **Appendix “5”**;
- b) 20 parties made inquiries, 1,933 viewed the listing under “LoopNet”, and 2,457 viewed the listing at Houseproperties.com;
- c) 2 low offers were received by June 9, 2020, which were both countered by the Receiver with no further interest received by either party;
- d) on June 18, 2020, the listing was reduced to \$1,090,000.00;
- e) on August 10, 2020, the listing was reduced to \$990,000.00;
- f) on September 12, 2020, the Receiver was presented and offer from Marc Wray (“Wray”);
- g) on October 3, 2020, the Receiver accepted a conditional offer to purchase from Wray, having conditions to be waived by December 11, 2019;
- h) on November 23, 2019, Wray advised the Receiver that the Township was not prepared to change the zoning of the Real Property without further analysis and studies to be obtained by Wray;
- i) Wray advised the Receiver that he was prepared to assume the risk of rezoning and bank financing if the Receiver would be prepared to reduce the selling price.

A copy of the correspondence with Wray is attached at **Confidential Appendix “C”**; and

- j) on November 30, 2020, the Wray submitted an unconditional final offer to purchase the Real Property that the Lenders provided their support.

THE SALES AGREEMENT AND TRANSACTION

- 37. On December 1, 2020, the Receiver accepted the final offer to purchase (the “**Sales Agreement**”), copies of which are attached as **Confidential Appendix “D”** and **Appendix “6”** (in which the purchaser’s identity and the purchase price were redacted). The Sales Agreement provides for an eighty-thousand-dollar deposit (\$80,000.00) and that it is binding, and that the closing (the “**Sales Transaction**”) is subject to approval of the Court, and to occur no earlier than March 1, 2021.
- 38. The Receiver recommends that the Sales Agreement and the Sales Transaction be approved by this Honourable Court for the following reasons:
 - a) the Real Property was exposed widely to the marketplace for approximately ten months in a manner that is common for properties of this nature and was listed for sale with a professional and licensed commercial real estate broker that is well known in the market;
 - b) the Sales Agreement is now unconditional except of the Courts approval, and the purchase price is in line with the market value of the Real Property;
 - c) the purchase price is greater than the other offers received by the Receiver since June 2020;
 - d) the Receiver does not believe that further marketing of the Real Property will result in a superior offer; and
 - e) the Sales Transaction that is the subject of the Sales Agreement is provident and a favourable outcome for the estate and followed a thorough, impartial and fair sales process that fully tested the market.

ONGOING OPERATIONS

- 39. The Receiver did not operate the riding or boarding facility due to the high risk of fire and refusal by insurance companies to provide the Receiver with insurance coverage if such operations continued.

40. All horses were returned to their owners within the first two weeks of the appointment of the Receiver.
41. The farming equipment was appraised by Rideau Auctions Inc. on February 19, 2020 estimating a liquidation value of approximately \$20,000.00. A copy of the Rideau Auction Inc. appraisal is contained at **Appendix “7”**.
42. The equipment was sold at auction for \$27,216.00 before costs of liquidation.

PRIORITY AND SECURED CLAIMS

Priority Claims

43. The Receiver is not aware of any claims that would rank in priority to the secured creditors.

Secured Claims

44. The PPSA search results dated January 19, 2021 report that the only registered secured creditors are the Lenders. A copy of the PPSA search results is contained at **Appendix “8”**.
45. As of January 25th, 2021, the Tax Arrears in the amount of \$30,102.52. A copy of the property tax certificate is contained at **Appendix “9”**.
46. The parcel register for the Real Property confirms that the Lenders registered a first-ranking charge on title of the Real Property on April 19, 2016. A copy of the parcel register for the Real Property dated January 18, 2021 is attached at **Appendix “10”**.
47. The parcel register confirms a postponement agreement in favour of the Lenders has been registered. A copy of the Schinke postponement is attached at **Appendix “11”**.
48. On January 22, 2021, the Receiver obtained from Paul O. D’Angelo of BD Law Offices a legal opinion regarding the validity and enforceability of the security held by the Lenders, a copy of which is attached at **Appendix “12”**.
49. Based on this legal opinion, it appears that Lender’s security is valid and enforceable as against the Real Property and creates a first ranking charge. Lender’s mortgage is a

first-ranking mortgage in the principal amount of \$700,000.00, which encumbers title to the Real Property.

50. The Lenders have an outstanding Judgment in the amount of \$825,000.06 plus ongoing interest, and legal costs. The Judgement is attached at **Appendix "13"**.

51. In light of the foregoing, and in the event the Court approves the Sales Agreement and the Sales Transaction and that the said transaction closes, the Receiver will be seeking the authorization of the Court to make an interim distribution to Lenders in the amount of \$500,000.00 to be applied against the Indebtedness.

FUNDS AVAILABLE FOR DISTRIBUTION

52. A copy of the Interim Statement of Receipts and Disbursements is attached at **Appendix "14"**. It confirms that receipts exceed disbursements by \$15,172.00 to the date of this First Report.

53. Considering the foregoing, the Receiver recommends making an interim distribution to Lenders in the amount of \$500,000.00 and for the Receiver to hold the remaining amounts until a further report to the Court is filed with respect to further distributions.

54. In the event the Sales Transaction closes and the proposed distribution is paid to the Lenders, it will result in a significant reduction to the Indebtedness.

PROFESSIONAL FEES

55. Pursuant to paragraph 16 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person.

56. Pursuant to paragraph 18 of the Appointment Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.

57. The approval of fees and disbursements of the Receiver and that of its legal counsel will be sought in a further report to the Court.

COMPLETION OF THE RECEIVERSHIP

58. The Receiver will attempt to close the Sales Transaction and report back to Court upon its completion. In the event the Sales Transaction does not close, the Receiver will resume the sales process in respect of the Real Property.

SUMMARY AND RECOMMENDATIONS

59. For the reasons outlined above, the Receiver respectfully recommends that this Court grant the Receiver's request for an Order, amongst other things:

- (a) If necessary, abridging the time for and validation of service of the Notice of Motion and Motion Record herein;
- (b) Approving the Receiver's First Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the First Report;
- (c) Approving the Sales Agreement and Sales Transaction, and the conveyance of the Real Property to the purchase and vesting title of the Real Property in the purchaser;
- (d) Approving the sealing of the confidential appendices to the First Report pending the closing of the Sales Transaction or further Order of this Court;
- (e) Approving the Receiver's Interim Statement of Receipts and Disbursements;
- (f) Approving a interim distribution to Lenders in the amount of \$500,000.00; and
- (g) Upon closing of the Sales Transaction, approving the payment to the Township for all Tax Arrears in respect of the Real Property.

This First Report is respectfully submitted to the Honourable Court as of this 26th day of January 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of Santiago Savavia and Sian Fernandez Thomas and not in its personal or corporate capacity
Per:



John P. Haralovich, CPA, CA, CIRP, CMA
Senior Vice President

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE JUSTICE) WEDNESDAY, THE 17TH DAY OF
))
SALLY GOMERY) FEBRUARY, 2021

B E T W E E N:

MICHAEL CADOTTE AND STEPHEN KAY

Applicants

- and -

SANTIAGO SARAVIA AND SIAN FERNANDEZ THOMAS

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by MNP Ltd., in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Santiago Saravia and Sian Fernandez Thomas (the "Debtors") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Marc Wray (the "Purchaser") dated November 30, 2020 and appended to the First Report of the Receiver dated January 26, 2021 (the "First Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record of the Receiver is hereby abridged.

2. **THIS COURT ORDERS** that service of Notice of Motion and Motion Record of the Receiver upon the Respondent, Santiago Saravia, in the manner that is set out in the Affidavit of Attempted Service of Michael C. Atkinson, sworn February 3, 2021, be and is hereby validated.

3. **THIS COURT ORDERS** that the activities and conduct of the Receiver and that of its legal counsel as described in the First Report be and are hereby approved.

4. **THIS COURT ORDERS** that Confidential Appendices A, B, C and D to the First Report be and are hereby sealed.

5. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement [and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Sally J. Gomery dated January 30, 2020; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of

the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Registry Office for the Registry Division of Prescott No. 46 of a Transfer/Deed of Land in the form prescribed by the *Land Registration Reform Act* duly executed by the Receiver of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*], the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

10. **THIS COURT ORDERS** that, notwithstanding:

- a) the pendency of these proceedings;
- b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

11. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

12. **THIS COURT ORDERS** that the Receiver's Interim Statements of Receipts and Disbursements be and are hereby approved.

13. **THIS COURT ORDERS** that the Receiver be and is hereby permitted to make an interim distribution to the Applicants, Michael Cadotte and Stephen Kay, in the amount of \$500,000.

14. **THIS COURT ORDERS** that the Receiver be and is hereby permitted to make a payment to the Township of Alfred and Plantagenet all outstanding municipal tax arrears in respect of the real property set out in the Sale Agreement.

15. **THIS COURT ORDERS** that the Receiver's costs of this Motion shall be reserved to the Judge hearing the Receiver's motion to be discharged.

16. **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.

ENTERED AT OTTAWA
INSCRIT A OTTAWA
ON/LE 03/02/2021
DOCUMENT # 0411
IN BOOK NO. 73-13
AU REGISTRE NO. 73-13

My Young JCS

Schedule A – Form of Receiver’s Certificate

Court File No. CV-20000-82536-000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

MICHAEL CADOTTE AND STEPHEN KAY

Applicants

- and -

SANTIAGO SARAVIA AND SIAN FERNANDEZ THOMAS

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the “Debtor”).

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement") between the Receiver [Debtor] and [NAME OF PURCHASER] (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section • of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section ● of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

[NAME OF RECEIVER], in its capacity as Receiver of the undertaking, property and assets of [DEBTOR], and not in its personal capacity

Per: _____

Name:

Title:

Schedule B – Purchased Assets

3550 Plantagenet Second Concession, Wendover, Ontario K0A 3K0

Legal Description: Parcel Identification Number 54102-0054 (LT) in Land Registry Office #46, more particularly described as: PT N LT 35 CON 2 NORTH PLANTAGENET, PT LOT 36 CON 2 NORTH PLANTAGENET AS IN R35776 EXCEPT PT 1 & 2 46R6438; S/T THE RIGHTS OF OWNERS ADJOINING PARCELS, IF ANY, UNDER R109702 & R127949; ALFRED/PLANTAGENET; SUBJECT TO AN EASEMENT IN GROSS OVER PT 3 46R7952 AS IN PT5296

Schedule C – Claims to be deleted and expunged from title to Real Property

- a. Instrument No. PT19588.
- b. Instrument No. PT39229
- c. Instrument No. PT39230
- d. Instrument No. PT39231
- e. Instrument No. PT54966

Schedule **D**-Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property (unaffected by the Vesting Order)

- a. Instrument No. PT52926

MICHAEL CADOTTE et al.
Applicants

and

SANTIAGO SARAVIA et al.
Respondents

Court File No: CV-20000-82536-000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at [Ottawa](#)

**ORDER
(DATED February 17, 2021)**

NATIONAL CAPITAL LAW
40 Torbec Avenue
Ottawa, ON K2T 0B5

ROBERT J. DE TONI
LSO #: 37571C
Tel: 613-219-6969 ext.219
Fax: 613-435-2711
Email: rob@nationalcapitallaw.com

Lawyers for the Moving Party, MNP Ltd., as
Court Appointed Receiver of Santiago Saravia
and Sian Fernandez Thomas

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:)
)
MICHAEL CADOTTE and STEPHEN)
KAY) Charles L. Merovitz for the Applicants
)
Applicants)
)
– and –)
)
SANTIAGO SARAVIA and SIAN)
FERNANDEZ THOMAS) No counsel of record for the Respondents
)
Respondents)

HEARD: February 17, 2021

ENDORSEMENT ON MOTION TO APPROVE RECEIVER’S FIRST REPORT

Justice Sally Gomery

[1] On January 30, 2020, MNP Ltd. (“MNP”) was appointed receiver, without security, of all of the assets, undertakings and property of the respondents Santiago Saravia and Sian Fernandez Thomas (the “Debtors”). MNP now moves for:

- (i) an order validating service of the motion;
- (ii) approval of its activities described in its first report dated January 26, 2021 (the “First Report”);
- (iii) an order sealing the confidential appendices to that Report;
- (iv) approval of the sale of the Debtors’ real property in Wendover, Ontario (the “Property”) and an order vesting the ownership of the Property in the purchaser, once the sale has closed;

- (v) an order approving an interim distribution of \$500,000 to the Applicants Michael Cadotte and Stephen Kay (the “Lenders”); and
- (vi) approval of payment of outstanding municipal tax arrears.

[2] The motion was made on notice to the Debtors, the local municipality and two mortgage holders. None of these parties appeared at the hearing or made any written submissions to the court. A representative of MNP, John Haralovich, attended the hearing, was affirmed and provided information to supplement the First Report.

Background

[3] The Debtors purchased the Property in February 2012 for \$950,000. It consists of approximately 163 acres of property zoned for rural commercial use. The main house is a 2500 square foot, two-storey residence built 150 years ago and expanded in the 1970s. There are also two barns, an indoor arena, ten cabins, three mobile homes and various other structures on the property. The Debtors resided on the Property, boarded horses and operated a riding centre on it.

[4] In January 2016, the Debtors had the Property appraised. Based on this appraisal, it had a market value, of \$1,000,000 based on its use as an equestrian facility. The appraisal report noted, however, that the soil was generally poor and that fifty acres were bush and completely unsuitable for farming. As a result, the Property had limited potential for agricultural purposes. The appraiser also noted that the roof on the house required repair, which the Debtors said would be addressed.

[5] When it was appointed four years later, MNP inspected the Property. There were holes in the main house’s roof and water was leaking into it. The cabins and mobile homes were vacant and in complete disrepair. There was garbage strewn throughout the property.

[6] MNP entered into a listing agreement with a real estate agency to market and sell the Property. It was initially listed at \$1,190,000. MNP relied on the 2016 appraisal in setting the price.

[7] The Property went to market on February 7, 2020 and was listed on two virtual platforms. The online listings were viewed over 4000 times and twenty parties made inquiries. Despite this,

only two low offers were received. The listing price was dropped to \$1,090,000 in June and then again to \$990,000 in September.

[8] On October 3, 2020, MNP received an offer. After further exchanges, the would-be purchaser submitted an unconditional final offer on November 30, 2020, which MNP accepted the next day.

Disposition

Service of the motion

[9] When a process server attended to serve the residence where the Debtors were both believed to reside, he was advised that Mr. Saravia was abroad but that his mail was being sent to the residence. The process server accordingly left a copy of the motion record for Mr. Saravia at the residence. Subsequent efforts by MNP's counsel to obtain an email address or postal address for Mr. Saravia were unsuccessful. MNP therefore seeks an order for substituted service and validating the service as effected.

[10] Based on the evidence before me, I am satisfied that an order for substituted service on Mr. Saravia is appropriate and I find that he was validly served.

Approval of the proposed sale

[11] In deciding whether to approve the proposed sale of the Property, I must consider, per *Royal Bank of Canada v. Soundair Corp.*, 1991 CanLII 2727 (ONCA):

- Whether MNP made sufficient efforts to get the best price and did not act improvidently;
- The interests of all parties;
- The efficacy and integrity of the marketing and sales process undertaken by MNP; and
- Whether the process gives rise to unfairness.

[12] The Property was marketed by a professional and licensed commercial real estate broker known in the market. It was listed for ten months using on-location signage and online listing platforms. These efforts generated some interest. Despite these efforts, MNP received only three offers, two of which were too low to take seriously. The offered price that MNP eventually accepted, subject to the Court's approval, reflects the Property's marginal value for farming. It also factored in the cost that the purchaser will have to incur to repair the roof of the house and to obtain re-zoning approval so that the Property can generate revenue as something other than an equestrian centre.

[13] I asked Mr. Haralovich to explain why the Property did not attract other potential buyers. He testified that the house was uninhabitable and uninsurable. The Debtors abandoned the equestrian operation when MNP was appointed. Neighboring property-owners did not express any interest in acquiring any part of the land to expand their own operations. Finally, as a result of the Debtors' neglect, the Property did not show well.

[14] Although the proposed sale of the Property will yield a lower price than initially expected, I am satisfied that MNP made sufficient efforts to get the best price, that the marketing sales effort was reasonably robust and effective, that the proposed sale is in the interests of all parties and that the process, as a whole, does not give rise to any unfairness.

[15] I therefore approve the proposed sale of the Property and will order that the ownership vest in the purchaser on closing.

Proposed interim distribution and approval of MNP's activities

[16] Taking into account the proceeds of sale of the Property and of equipment sold at auction, minus the real estate commission and closing costs, the proposed interim distribution and payment of the outstanding municipal tax arrears will leave a sufficient amount for the payment of MNP's fees and reasonable legal fees.

[17] I therefore approve the proposed interim distribution and payment of outstanding taxes.

[18] Having reviewed the First Report, I find that MNP has taken appropriate steps to realize the value of the Debtors' assets and to administer the receivership. I therefore also approve the activities undertaken by MNP as described in the First Report.

Sealing order

[19] I find that a sealing order should be issued pursuant to s. 137(2) of the *Courts of Justice Act* and the principles set out in *Sierra Club of Canada v. Canada (Min. of Finance)*, 2002 SCC 4, at para. 53. The order is appropriate because, if the sale of the Property does not close as expected, disclosure of the information in the four confidential appendices attached to the First Report would seriously impair MNP's ability to negotiate with other potential buyers. I conclude that the benefit of a sealing order outweighs any negative impact arising from it.

I therefore order that the confidential appendices to the First Report be sealed in the court record.



Justice Sally Gomery

Released: February 17, 2021

COURT FILE NO.: 20-82536
DATE: 2021/02/17

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

MICHAEL CADOTTE and STEPHEN KAY

Applicants

– and –

SANTIAGO SARA VIA and SIAN FERNANDEZ
THOMAS

Respondents

**ENDORSEMENT ON MOTION TO APPROVE
RECEIVER'S FIRST REPORT**

Justice Sally Gomery

Released: February 17, 2021

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

MICHAEL CADOTTE AND STEPHEN KAY

Applicant

and

SANTIAGO SARA VIA AND SIAN FERNANDEZ THOMAS

Respondents

**AFFIDAVIT OF JOHN HARALOVICH
(sworn on May 31, 2021)**

I, John Haralovich, of the City of Ottawa, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Vice President of MNP LTD. ("**MNP**"), the Licensed Insolvency Trustee ("**LIT**" or "**Receiver**") of Santiago Saravia and Sian Fernandez Thomas (the "**Debtors**"). As such, I have knowledge of the matters to which I hereinafter depose except where such knowledge is stated to be based on information and belief, in which case I confirm the source of my information and belief verily believe such information to be true.
2. MNP was appointed as Receiver of the property of the Company by way of Court Order dated January 30, 2020.
3. Attached hereto as **Exhibit "A"** are the detailed ledgers of the Receiver for the period ending May 31, 2021 in the amount of \$28,596.60 (3.7% of the gross realization of the Estate) plus HST of \$3,717.56, totalling \$32,314.16.

4. The following table further summarizes the LIT involved and other staff used by MNP as noted in Exhibit "A" by work completed by each MNP professional, group classification with MNP, the hours worked by each professional, along with the amounts and the effective hourly rates charged for each professional:

Professional	Position	Hours Invoiced	Amount Invoiced (excluding HST)	Effective Hourly Rate
John Haralovich	LIT, Partner	69.5	\$27,105.00	\$390.00
Insolvency Staff	Estate Technicians	<u>13.5</u>	<u>\$ 1,491.60</u>	<u>\$110.49</u>
Total		83.0	\$28,596.60	\$344.54

5. The work completed in this matter which is described in Exhibit "A" and in the First Report and Final Reports of the Receiver including the following:

- Attending the location;
- Taking possession and meet with the Debtors;
- Obtain property insurance;
- Arrange for utility services;
- Forward the prescribed notice to all known creditors;
- Prepare information for real estate agent;
- Obtain listing proposal;
- Prepare purchase and sale agreement;
- Arrange for the appraisal of equipment;
- Arrange for removal and liquidation of movable vehicles and equipment;
- Arrange for owners to obtain their horses;
- Selling of livestock owned by the Debtors;
- Neogtiations with the purchasing party to arrive at the agreed sales amount; and
- Work towards closing of the sales transaction.

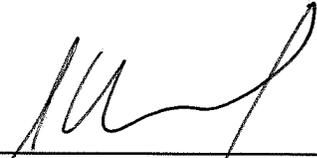
6. As a result of the above efforts, MNP was able to achieve a gross realization of \$770,454.00 as noted in **Appendix 5** of the Final Report of the Receiver. The net realization in this matter, resulted is significant return for the Applicants.

7. The above rates charged by MNP throughout the course of these proceedings are standard and comparable to the rates charged by other LIT firms in the Ottawa market for the provision of similar services.

8. This affidavit is sworn in support of a motion to, inter alia, approve the attached account of MNP and the fees and disbursement detailed therein, and for no improper purpose.

SWORN BEFORE me at the City of Ottawa in)
the Province of Ontario)
this 31st day of May, 2021)
)
)

_____)
A Commissioner for Taking Affidavits, etc.)


_____)
JOHN HARALOVICH

Sandra Elizabeth Dilio
A Commissioner, etc.,
Province of Ontario, For MNP Ltd.
Expires July 29, 2022

**This is Exhibit "A" referred to in the Affidavit of John Haralovich
sworn May 31st 2021**



Commissioner for Taking Affidavits (or as may be)

Sandra Elizabeth Dilio
A Commissioner, etc.,
Province of Ontario, For MNP Ltd.
Expires July 29, 2022

In the matter of the Receivership of Santiago Saravia and Sian Fernandez Thomas
Summary of Receivers fees and disbursements

Date	Description	Units	Amount	Notes
31-Jan-2020	John Haralovich	3.80	\$ 1,482.00	work on start of file, calls with horse owners
03-Feb-2020	John Haralovich	3.00	1,170.00	attend site, meet with horse owners, view property
03-Feb-2020	John Haralovich	2.50	975.00	review third party property claims, calls with horse owners, start receivers notice
04-Feb-2020	John Haralovich	2.80	1,092.00	work on claims of third party horses, sign listing agreement, update secured creditors
06-Feb-2020	John Haralovich	1.80	702.00	work on 245/246 notice
06-Feb-2020	John Haralovich	1.20	468.00	call with agent, call with appraiser, send emails regarding vehicles
07-Feb-2020	John Haralovich	.70	273.00	work on release of assets
11-Feb-2020	John Haralovich	.80	312.00	work on sale of horse
13-Feb-2020	John Haralovich	2.10	819.00	call with secured creditor, call with real estate agent, call with owner
13-Apr-2020	John Haralovich	.50	195.00	respond to emails from secured and email Fred
12-May-2020	John Haralovich	.60	234.00	respond to messages from secured creditor
29-May-2020	John Haralovich	.90	351.00	call with hydro one, send email to debtor
02-Jun-2020	John Haralovich	.50	195.00	review hydro one accounts
08-Jun-2020	John Haralovich	.30	117.00	emails regarding ownership for dodge ram
19-Jun-2020	John Haralovich	.50	195.00	sign listing agreement
10-Aug-2020	John Haralovich	1.00	390.00	work on insurance renewal
10-Aug-2020	John Haralovich	.50	195.00	call with secured lender
14-Aug-2020	John Haralovich	.80	312.00	work on insurance quote
21-Aug-2020	John Haralovich	.30	117.00	settle insurance
16-Sep-2020	John Haralovich	2.10	819.00	work on sale of property
13-Oct-2020	John Haralovich	.50	195.00	call with Fred regarding property being vacant and winterization
24-Nov-2020	John Haralovich	1.20	468.00	review email from purchaser, call with real estate agent, forward message to secure creditors
30-Nov-2020	John Haralovich	.50	195.00	call with agent re offers
01-Dec-2020	John Haralovich	1.80	702.00	work on sale of property
01-Dec-2020	John Haralovich	.90	351.00	respond to secured creditors
02-Dec-2020	John Haralovich	1.30	507.00	work on wire payment transfer, call with secured creditors, respond to emails
18-Jan-2021	John Haralovich	6.60	2,574.00	work on first report to court, call with rob Lewis, call with rob detoni
19-Jan-2021	John Haralovich	2.50	975.00	complete first report to court
21-Jan-2021	John Haralovich	.80	312.00	changes to the report
25-Jan-2021	John Haralovich	1.10	429.00	call with rob Lewis regarding property tax arrears, advise lenders, provide APA and update Rob Lewis on sale
26-Jan-2021	John Haralovich	1.00	390.00	work on court report
27-Jan-2021	John Haralovich	1.80	702.00	complete report to the court
09-Feb-2021	John Haralovich	1.80	702.00	review sale and court docs
11-Feb-2021	John Haralovich	.70	273.00	prepare for court
17-Feb-2021	John Haralovich	2.50	975.00	attending court and preparation, notifying agent, lender and lawyers
22-Feb-2021	John Haralovich	.60	234.00	correspondence regarding hydro
24-Feb-2021	John Haralovich	.80	312.00	call with rob Lewis, extend closing
26-Feb-2021	John Haralovich	.80	312.00	call regarding extension to closing, sign documents
03-Mar-2021	John Haralovich	1.00	390.00	call with rob Lewis regarding closing, completion of direction and receivers certificate
04-Mar-2021	John Haralovich	1.50	585.00	closing of transaction
05-Mar-2021	John Haralovich	1.50	585.00	work on closing with Rob Lewis, send details for banking
06-Apr-2021	John Haralovich	.50	195.00	follow-up on Ontario Hydro issue and send message to secured creditors, respond to Rob on second mortgage question
12-May-2021	John Haralovich	1.30	507.00	respond to emails, provide updated statement of account to lenders
19-May-2021	John Haralovich	2.50	975.00	work on final report to the court
21-May-2021	John Haralovich	2.50	975.00	work on second report the court
25-May-2021	John Haralovich	2.50	975.00	work on the report to the court
31-May-2021	John Haralovich	2.30	897.00	finalize report after legal review
Total LIT, Partner		69.50	27,105.00	
Estate Technicians				
30-Jan-2020	Gisele Mubika	1.00	124.00	new MPM Code and ppsa searches
30-Jan-2020	James De Salis	1.00	105.00	Setup Initial Interview, prepare pre-filing, deposit to pre-filing
31-Jan-2020	Gisele Mubika	2.00	248.00	File processing, sending creditor packages
06-Feb-2020	Sandra Dilio	.30	31.50	Sending notice of receiver to OSB
06-Feb-2020	Sandra Dilio	.40	42.00	printing of correspondence related to file
10-Feb-2020	James De Salis	.40	42.00	Preparing bank account, emptying pre-filing
11-Feb-2020	James De Salis	.30	31.50	Cheque from pre-filing, cash payment for horse
11-Feb-2020	James De Salis	.60	63.00	Setup bank account, setup banking filing
13-Feb-2020	James De Salis	.20	21.00	Horse payment deposit
14-Feb-2020	Sandra Dilio	.20	21.00	call re: horses and obtaining details of ownership
20-Feb-2020	James De Salis	.20	21.00	Insurance cheque issued
02-Mar-2020	Sandra Dilio	.20	21.00	create invoice
07-May-2020	James De Salis	.30	31.50	Sale of Horse processed

In the matter of the Receivership of Santiago Saravia and Sian Fernandez Thomas

Summary of Receivers fees and disbursements

Date	Description	Units	Amount	Notes
07-May-2020	James De Salis	.30	31.50	Insurance invoice processed
16-Jun-2020	James De Salis	.30	31.50	Hydro Refund processed
26-Jun-2020	Sandra Dilio	.30	31.50	Hydro One accounts - call to close
29-Jun-2020	James De Salis	.20	21.00	Hydro bill paid
13-Jul-2020	James De Salis	.40	42.00	Sale of equipment deposited
14-Jul-2020	Sandra Dilio	.20	21.00	Amended Listing Agreement, save to client file
23-Jul-2020	James De Salis	.20	21.00	Cheque from Rideau Auctions deposited
15-Sep-2020	James De Salis	.30	31.50	Insurance payment
02-Dec-2020	James De Salis	.40	42.00	Sending wire transfer instructions to Versa & discussing
02-Dec-2020	James De Salis	.40	42.00	Preparing wire transfers for deposit refund
20-Jan-2021	James De Salis	.20	21.00	Updating accounts to record operating transactions
21-Jan-2021	James De Salis	.20	21.00	Moving entries to different categories
27-Jan-2021	James De Salis	.20	21.00	Invoice processed
04-Feb-2021	James De Salis	.20	21.00	Cheque clearing
24-Feb-2021	Gisele Mubika	.50	62.00	Sitecore Posting on MNP website
01-Mar-2021	James De Salis	.20	21.00	Invoice processed
05-Mar-2021	Danielle St. Pierre	.40	49.60	Jocelyn from Robert Lewis called about wiring transferring the funds for the Wendover property sold.
05-Mar-2021	James De Salis	.40	42.00	Preparing transfer information, void cheque
09-Mar-2021	James De Salis	.40	42.00	Processing wires, preparing invoice
14-Apr-2021	Sandra Dilio	.20	21.00	Insurance refund provided to banking
23-Apr-2021	James De Salis	.10	10.50	Insurance refund deposited
13-May-2021	James De Salis	.40	42.00	Preparing journal entry from sale of property
Total Estate Technicians		13.50	1,491.60	
Total		83.00	\$ 28,596.60	

7

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

MICHAEL CADOTTE AND STEPHEN KAY

Applicants

- and -

SANTIAGO SARA VIA AND SIAN FERNANDEZ THOMAS

Respondents

AFFIDAVIT OF ROBERT LEWIS

I, ROBERT LEWIS, of the City of Ottawa, in the Province of Ontario, MAKE OATH
AND SAY/AFFIRM:

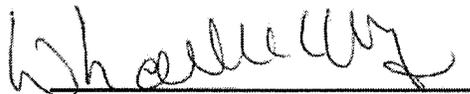
1. I am a solicitor for MNP Ltd., and as such, have knowledge of the matters hereinafter deposited to.
2. I acted for MNP Ltd. on the closing of the Sale Agreement referred to the in First and Second Reports of the Receiver. **Attached hereto and referred to as Exhibit "A" is a copy of my invoice to MNP Ltd. for the services I rendered to them.**
3. I am advised by Robert De Toni, and do verily believe, that he acted for MNP Ltd. in bringing a motion to obtain the Order granted by Justice Sally Gomery, dated February 17,

2021. I am further advised by Mr. De Toni, and do verily believe, that he delivered the invoice attached hereto and referred as to as Exhibit "B" to MNP Ltd. for the services that he rendered to them.

4. I am further advised by Robert De Toni, and do verily believe, that his anticipated fees for bringing the within motion to discharge MNP Ltd. are \$2,500 plus HST and disbursements.

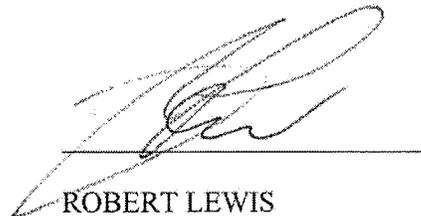
5. I make this affidavit in support of MNP Ltd.'s motion to obtain a discharge order and for no other or improper purpose.]

Sworn/Affirmed before me)
at the City of Ottawa, in the)
Province of Ontario, this)
3 day of June, 2021)
)



A Commissioner etc.

Wendy Leona Wendt-Hansen,
a Commissioner, etc., Province of
Ontario, for Robert A. Lewis Professional
Corporation, Barrister and Solicitor.
Expires January 25, 2022.



ROBERT LEWIS

THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF
SWORN/AFFIRMED THIS 3rd DAY OF June, 2021

W. Wendt-Hansen

A Commissioner, etc.

Wendy Leona Wendt-Hansen,
a Commissioner, etc., Province of
Ontario, for Robert A. Lewis Professional
Corporation, Barrister and Solicitor.
Expires January 25, 2022.



INVOICE

Invoice # 55
Date: 05/31/2021
Due On: 06/30/2021

National Capital Law

40, Torbec Avenue
Ottawa, Ontario
K2T 0B5
Phone: 6137978593
Email: rob@nationalcapitallaw.com
www.nationalcapitallaw.com

MNP Ltd.
1600 Carling Avenue Suite 800
Ottawa, Ontario
K1Z 1G3

00051-MNP Ltd.

Receivership of Santiago Saravia and Sian Fernandez Thomas

Services

Type	Date	Notes	Quantity	Rate	Total
Service	01/21/2021	Emails to and from client; Emails to and from court; Review draft Receiver's Report	0.50	\$425.00	\$212.50
Service	01/26/2021	Draft Notice of Motion	1.00	\$425.00	\$425.00
Service	01/28/2021	Telephone call with client; Review First Report; Revise Draft Notice of Motion; Email to client	1.00	\$425.00	\$425.00
Service	01/29/2021	Emails to and from client	0.10	\$425.00	\$42.50
Service	01/29/2021	Assemble Motion Records	0.50	\$75.00	\$37.50
Service	01/31/2021	Email to Gilmore Reproductions; Email to MCA Process Service	0.20	\$425.00	\$85.00
Service	02/02/2021	Email to C. Merovitz and E. Lay; Draft letter to court	0.30	\$425.00	\$127.50
Service	02/03/2021	Receipt and review of email from process server; Email to client	0.20	\$425.00	\$85.00
Service	02/04/2021	Emails to and from client; Email to Sian Thomas; Draft Factum and Affidavit of Service	2.00	\$425.00	\$850.00
Service	02/05/2021	Emails to C. Merovitz and S. Fernandes; Email from S. Fernandes; Finalize factum; Email to court	0.30	\$425.00	\$127.50

Service	02/08/2021	Email to court; Email to Sian Thomas	0.10	\$425.00	\$42.50
Service	02/09/2021	Draft Vesting Order; Email to client	1.00	\$425.00	\$425.00
Service	02/10/2021	Emails to and from R. Lewis; Emails to and from client; Revise draft order; Complete motion confirmation form; Emails to court	0.40	\$425.00	\$170.00
Service	02/11/2021	Emails to and from court	0.10	\$425.00	\$42.50
Service	02/15/2021	Email to Sian Thomas; Prepare for motion	2.00	\$425.00	\$850.00
Service	02/16/2021	Emails to and from court	0.20	\$425.00	\$85.00
Service	02/17/2021	Attend court; Email to court	1.50	\$425.00	\$637.50
Service	02/18/2021	Emails to and from R. Lewis	0.10	\$425.00	\$42.50
Service	02/23/2021	Emails to and from court	0.10	\$425.00	\$42.50
Service	02/24/2021	Telephone call with R. Lewis; Emails to and from R. Lewis	0.20	\$425.00	\$85.00
Service	03/01/2021	Emails to and from R. Lewis; Email to court	0.20	\$425.00	\$85.00
Service	03/02/2021	Emails to and from court; Emails to and from R. Lewis; Complete Receiver's Certificate; Telephone call with R. Lewis	0.40	\$425.00	\$170.00
Service	03/04/2021	Telephone call with R. Lewis; Emails to and from R. Lewis; Email to court	0.20	\$425.00	\$85.00
Service	03/11/2021	Email from court; Email to R. Lewis	0.10	\$425.00	\$42.50
Service	04/06/2021	Email to client	0.10	\$425.00	\$42.50
				Services Subtotal	\$5,265.00

Expenses

Type	Date	Notes	Quantity	Rate	Total
Expense	02/02/2021	Filing Notice of Motion: Cheque to Minister of Finance for filing motion	1.00	\$320.00	\$320.00
Expense	02/03/2021	Copying: Copying costs for motion record	1.00	\$123.03	\$123.03
Expense	03/08/2021	MCA Process Service	1.00	\$508.50	\$508.50
				Expenses Subtotal	\$951.53
				Subtotal	\$6,216.53
				Tax (13.0%)	\$808.15
				Total	\$7,024.68

Detailed Statement of Account

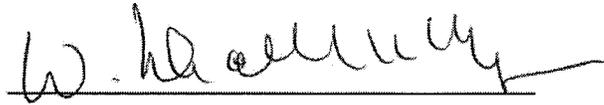
Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
55	06/30/2021	\$7,024.68	\$0.00	\$7,024.68
Outstanding Balance				\$7,024.68
Amount in Trust				\$0.00
Total Amount Outstanding				\$7,024.68

Please make all amounts payable to: RJD Professional Corporation

Please pay within 30 days.

THIS IS EXHIBIT "B" TO THE AFFIDAVIT OF
SWORN/AFFIRMED THIS ^{3rd} DAY OF June, 2021



A Commissioner, etc.

**Wendy Leona Wendt-Hansen,
a Commissioner, etc., Province of
Ontario, for Robert A. Lewis Professional
Corporation, Barrister and Solicitor.
Expires January 25, 2022.**

Robert A. Lewis Professional Corporation



March 4, 2021

MNP LTD. / MNP LTÉE.
John Haralovich
800-1600 Carling Avenue
Ottawa, ON K1Z 1G3

Re: Your sale to Wray
3550 2nd Concession Road , Wendover
Our File No.: 13-144-013

FOR PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING:

TO acting for you in all matters with respect to the sale of the above property;
TO receiving and reviewing the executed Agreement of Purchase and Sale;
TO preparation of the deed or transfer;
TO preparation of the Statement of Adjustments;
TO preparation of undertakings, direction for funds and other documents required to complete the sale;
TO receiving and responding to requisitions on title;

TO all necessary correspondence and telephone conversations;
TO meeting with you to sign all necessary documents;
TO attendance at the Registry Office on closing;
TO reporting to you;

OUR FEE	\$3,500.00	
TOTAL FEES	<hr/>	\$3,500.00
HST (13%)		455.00

DISBURSEMENTS:

Subject to HST

Transaction Levy Surcharge	\$65.00	
Clerk's Closing fee	35.00	
Couriers	65.00	
Photocopies	20.00	
Postage	8.00	
Fax transmissions	10.00	
Software Transaction Charge	129.00	
		<hr/>
HST (13%)		332.00
		43.16

Not Subject to HST (Agency)

Bank Service Fee	\$25.00	
Teraview Search- Subsearch parcel register	92.89	
Tax Certificate	60.00	
Registration Fees	155.24	
		<hr/>
		333.13

TOTAL FEES AND DISBURSEMENTS

 \$4,663.29

PAID IN FULL WITH THANKS

Total HST = \$498.16
HST Registration No. 839717303

THIS IS OUR ACCOUNT HEREIN

Robert A. Lewis Professional Corporation


Robert A. Lewis
RAL:jm
E. & O. E.

MICHAEL CADOTTE et al.
Applicants

SANTIAGO SARAVIA et al.
Respondents

Court File No: CV-20000-82536-000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

AFFIDAVIT OF ROBERT LEWIS

NATIONAL CAPITAL LAW
40 Torbec Avenue
Ottawa, ON K2T 0B5

ROBERT J. DE TONI
LSO #: 37571C
Tel: 613-219-6969 ext.219
Fax: 613-435-2711
Email: rob@nationalcapitallaw.com

Lawyers for the Moving Party, MNP Ltd., as
Court Appointed Receiver of Santiago Saravia
and Sian Fernandez Thomas