

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF STUART W. LACKEY AND CATHERINE A. LACKEY
of the Town of Almonte, in the Province of Ontario

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

SECOND REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT-APPOINTED RECEIVER OF
STUART W. LACKEY AND CATHERINE A. LACKEY

SEPTEMBER 14, 2021

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INTRODUCTION AND BACKGROUND

1. Stuart W. Lackey and Catherine A. Lackey (the “**Debtors**”) resided at 779 Old Almonte Road, RR #3, Almonte, Ontario (the “**Almonte Property**”), and they manage various farmland, including cash crops and livestock.
2. On or about December 8, 2015, the Debtors became indebted to The Bank of Nova Scotia (“**BNS**” or the “**Lender**”), their senior secured creditor, with respect to certain credit facilities granted by the Lender pursuant to and under the terms of various credit and security agreements contained as Exhibits D through N of the Receivership Application Record (the “**Application Record**”) dated January 28, 2020 (the “**Security**”).
3. As reported in the Application Record, the Debtors’ obligations to the Lender pursuant to the above loans and the Security (the “**Indebtedness**”) totaled \$2,800,950.00 at January 21, 2020 (excluding interest and fees accrued since).
4. The Security provides for the appointment of a receiver in the event of default by the Debtors under the Security.
5. On January 15, 2019, BNS issued to the Debtors an Exit Letter contained as Exhibit E to the Receivership Application Record that set out certain terms and conditions under which the Bank would continue to make credit available to the Debtors.
6. On July 18, 2019, BNS issued demands for payment of the Indebtedness to the Debtors, along with a Notice of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“**BIA**”), and a Notice of Intent to Realize on Security in accordance with s. 21 of the *Farm Debt Mediation Act* (the “**FDMA**”), which demands and statutory notices are contained as Exhibit R of the Application Record
7. On October 10, 2019, following the mediation pursuant to the FMDA, the Debtors and BNS did enter into a forbearance agreement, contained as Exhibit S of the Application Record (the “**Forebearance Agreement**”). Pursuant to the Forbearance Agreement, the Debtors acknowledged that the Security was valid and binding and agreed to satisfy the payment of arrears to BNS and to fully repay the Indebtedness by no later than January 31, 2020.
8. On November 26, 2019, BNS advised the Debtors’ legal counsel that the Debtors had failed to remit the outstanding amounts owed to BNS and to provide the required reporting outlined in the

Forebearance Agreement and further confirmed that if the Debtors failed to provide evidence of a binding refinancing agreement by December 6, 2019, BNS would move for the appointment of a receiver.

9. By January 7, 2020, the Debtors had failed to satisfy the terms of the Forebearance Agreement and BNS advised the Debtors that it would bring an application for the appointment of a receiver.
10. On January 8, 2020 and January 21, 2020, BNS received from the Debtors' counsel four listing agreements to sell various farmland, excluding the Almonte Property.
11. On January 8, 2020, the Debtors sold the farmland property described in PIN 05164-0067 and the net proceeds of sale were applied to reduce the Indebtedness.
12. On January 21, 2020, the Debtors provided BNS with a signed listing agreement to sell the farmland described in PIN 05110-0090.
13. On January 27, 2020, BNS brought an application for the appointment of MNP Ltd. ("MNP") as the receiver of the Debtors and for the protection of the interests of BNS and other stakeholders.
14. On April 13, 2020, the Debtors sold the farmland property described in PIN 05082-0019 and the net proceeds of sale were applied to further reduce the Indebtedness.
15. On June 15, 2020, BNS and the Debtors entered into an Addendum to the Forebearance Agreement which provided for, among other things, the Debtors consenting to the appointment of a receiver.
16. On September 14, 2020, Avinash D'Souza on behalf of BNS, filed an affidavit to update the Application Record on efforts made by the Debtors to repay the Indebtedness. This affidavit confirmed that these efforts were unsuccessful and confirmed that the amount outstanding to BNS had been reduced to \$1,813,461.83 as a result of the sale of the properties described above. On October 15, 2020, Avinash D'Souza on behalf of BNS filed a further affidavit to confirm that the Indebtedness to BNS then totaled \$1,943,963.81.
17. By Order of this Honourable Court dated October 23, 2020 (the "**Receivership Order**"), MNP was appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of the Debtors used in relation to their business, including all proceeds thereof (the "**Property**"). A copy of the Receivership Order is attached at **Appendix "1"**.

18. By Ancillary Order of this Honourable Court dated October 23, 2020 (the “**Ancillary Order**”), MNP was deemed not to be in possession of the Debtors’ Almonte Property, the livestock, the farm equipment and the crops (the “**Excluded Assets**”) until April 2, 2021. A copy of the Ancillary Order is attached at **Appendix “2”**.
19. The Receiver’s first report to the Court dated March 3, 2021 (the “**First Report**”) (without appendices) is attached as **Appendix “3”**.
20. The Receiver’s supplemental report to the Court dated March 18, 2021 is attached as **Appendix “4”**.
21. Pursuant to the Orders of the Honourable Madam Justice Michelle O’Bonsawin dated April 9, 2021, the Receiver was authorized to proceed with the completion of the Sales Transactions (as defined below) for the sale of the Montague Properties (as defined below) and to pay municipal tax arrears on closing. Attached as **Appendix “5”** is a copy of the said Orders, along with a copy of the ancillary order issued on the that same day (collectively, the “**Approval Orders**”).
22. The prescribed notices and statements of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA were sent to the Debtors’ creditors. A copy of these notices are attached at **Appendix “6”**.

PURPOSE OF THIS REPORT

23. The purpose of this second report of the Receiver to the Court (the “**Second 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 Second Report;
 - (c) seek the Court’s approval of the Receiver’s Interim Statement of Receipts and Disbursements (the “**Interim SRD**”); and
 - (d) seek the Court’s approval in respect of a distribution to BNS in the amount of \$750,000.00 on account of its secured claim;
24. All amounts referred to in the Second Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

25. This Second 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.

26. In preparing this Second 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 ORDERS

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

- (a) reviewed the Township of Montague’s documentation in respect of land rezoning proposals for properties designated as farmland in order to advise the Receiver’s legal counsel with respect to issues regarding same and raised by the Debtors on the Receiver’s motion in respect of the Approval Orders;
- (b) completed the Sales Transactions (as defined below) for the sale of the Montague Properties (as defined below) in accordance with the Approval Orders;
- (c) directed its legal counsel to wire payment to the Township of Montague to satisfy municipal tax arrears in the amount of \$2,460.09;
- (d) repaid the Receiver’s advance to BNS in the amount of \$20,000.00 plus accrued interest;
- (e) consulted with an HST specialist on the requirement for the Debtors to be individually registered for HST purposes regarding the sale of the Montague Properties;
- (f) provided confidentiality undertakings to the Debtors’ legal counsel for execution so as to release the confidential appendices to the Receiver’s First Report;
- (g) corresponded and communicated with legal counsel for BNS and the Debtors regarding funding the projected shortfall of the BNS Indebtedness;
- (h) consulted with the Receiver’s real estate agent regarding the ongoing marketing for the Mississippi Mills Property (as defined below) and the temporary suspension of the listing agreement with respect to that property;

- (i) responded to various inquiries from lenders regarding the Debtors' financing application for the purchase of cattle;
- (j) responded to various inquiries received from the Debtors' accountant; and
- (k) responded to various other creditor inquiries.

THE DEBTORS' VARIOUS REAL PROPERTY, MARKETING AND SALES RESULTS

- 28. The Debtors farmland located at County Road 43 in the Township of Montague, Ontario, having PIN numbers 05263-0146 (the "**146 Parcel**") and 05263-0153 (the "**153 Parcel**") (collectively, the "**Montague Properties**", which definition is hereinafter taken to also include PIN 05263-0136 (the "**136 Parcel**")) was listed for sale with Gentry Real Estate Services Limited ("**Gentry**").
- 29. The Debtors farmland located 2312 Ramsay Road, Concession 8, Mississippi Mills, Ontario, bearing PIN number 05087-0172 (the "**Mississippi Mills Property**") was also listed for sale with Gentry.
- 30. The marketing process and the results of the marketing process for the Montague Properties were detailed in Confidential Appendix "C" and a redacted copy was attached at Appendix "8" of the First Report.
- 31. On January 16, 2021, in order to determine the remaining amounts owed to BNS, the listing agreement for the Mississippi Mills Property was amended to permit viewings only until the sale of the Montague Properties had been completed.

THE SALES AGREEMENTS AND TRANSACTIONS

- 32. On December 1, 2020, the Receiver accepted the final offers to purchase the Montague Properties (the "**Sales Agreements**"), copies of which were attached as Confidential Appendices "D" and "E" and redacted copies of which were attached as Appendices "9" and "10" of the First Report (in which the purchaser's identity and the purchase prices were redacted). The Sales Agreements provide for a combined deposit of \$20,000.00, and that they were binding, and that the closings (the "**Sales Transactions**") were subject to the approval of the Court.
- 33. Shortly after entering into the Sales Agreements, it was determined that a small portion of land, being the 136 Parcel, abutted the 146 Parcel, both of which are owned by Stuart Lackey. The 136 Parcel totals approximately 462.85 square feet or .011 acre. To comply with the *Planning Act*, both these parcels were conveyed together as part of the Sales Transactions.

34. On February 5, 2021, agreements amending the Sales Agreements with respect to the Montague Properties were executed to add the 136 Parcel to the agreements, extend the closing dates and to increase the purchase price by \$100.00 for the 136 Parcel. A copy of the amending agreements was attached as Confidential Appendices “F” and “G” of the First Report.
35. On April 28, 2021, the Sales Transactions closed pursuant to the Sales Agreements and the Approval Orders.

ATTEMPTS TO FUND THE REMAINING INDEBTEDNESS

36. Once the Sales Transaction closed, the Receiver canvassed with Debtors’ legal counsel the possibility of the Debtors financing or liquidating specific assets in order to fund their shortfall owing to BNS on account of the Indebtedness (the “**Shortfall**”). The Receiver explored this possibility with BNS and the Debtors so as to avoid having to realize on the Debtors’ remaining Property, including the Excluded Assets and the Mississippi Mills Property.
37. On April 28, 2021, the Receiver provided to legal counsel for BNS and the Debtors its projected statement of distribution to BNS in order to facilitate discussions about how the Debtors could fund the Shortfall. This correspondence further confirmed that the costs of the Receiver and of its legal counsel would continue to accrue in the interim and, when the Debtors were able to confirm a source of funding, the final required amount would be provided to the Debtors. A copy of the projected distribution as at April 28, 2021 is attached at **Appendix “7”**.
38. On June 9, 2021, the Receiver was provided with a letter from Ron Ashmore of Expert Mortgage Broker, confirming that his firm was engaged by the Debtors to finance the Shortfall. A copy of this letter is attached at **Appendix “8”**.
39. On June 25, 2021, the Debtors’ counsel advised the Receiver that they were continuing to work with the mortgage broker to finance the Shortfall.
40. On June 29, 2021, the Receiver advised the lawyers for the Debtors that the Receiver required confirmation of the funding of the Shortfall by no later than July 2, 2021. A copy of the Receiver’s June 29, 2021 email is attached at **Appendix “9”**.
41. On July 9, 2021, the Receiver’s lawyer received a letter from the Debtors’ lawyers confirming that the Debtors remained actively engaged in attempting to raise the funds necessary to fund the Shortfall. A copy of this July 9, 2021 letter is attached at **Appendix “10”**.

42. On July 15, 2021, the Debtors' legal counsel wrote to the Receiver to advise that confirmation of financing was to be received no later than July 16, 2021.
43. On July 28, 2021, Receiver's legal counsel wrote to the Debtors' counsel requesting an update to their previous communications and to further advise that the Receiver had obtained a Court Date of October 1, 2021 for a motion by the Receiver for a distribution Order and other relief it deemed appropriate. A copy of this correspondence is attached at **Appendix "11"**.
44. On August 30, 2021, the Receiver received an email from Nancy M. McGlade (dated August 2, 2021), who is retained as the Debtors' accountant. She requested specific information related to the sale of various properties the Debtors sold since May 1, 2018. A copy of this August 2, 2021 letter is attached at **Appendix "12"**.
45. The Receiver provided the accountant with information related to the sale of the Montague Properties and the accountant confirmed that they were in receipt of information regarding the balance of the other properties sold.
46. On August 31, 2021, the respective legal representatives for the Receiver and the Debtors exchanged emails regarding the financing of the Shortfall, however, no substantive update was provided to the Receiver's legal counsel in this regard.

ONGOING OPERATIONS

47. The Receiver has not operated the farm operations pursuant to the terms of the Ancillary Order.
48. The Receiver did obtain an initial advance from BNS and accordingly issued a Receiver's Certificate in the amount of \$20,000.00. A copy of the Receiver's Certificate 1 was attached at Appendix "11" of the First Report and was repaid after the Sales Transactions closed.

PRIORITY AND SECURED CLAIMS

Priority Claims

49. As of January 29, 2021, the tax arrears for the Montague Properties was \$1,813.64, and all amounts owed to the Township of Montague in this regard have been paid by the Receiver.
50. The Receiver is not aware of any other priority claims.

Secured Claims

51. The parcel registers for the Montague Properties confirm that BNS registered a charge on title to the 146 Parcel and the 153 Parcel, but not the 136 Parcel. The Receiver's independent legal counsel, André Ducasse of Soloway Wright LLP, provided the Receiver with a legal opinion regarding the validity and enforceability of the security held by BNS, a copy of which was attached at Appendix "13" of the First Report.
52. Based on this legal opinion, it appears that:
- a) BNS's mortgage security with respect to the Montague Properties is void and unenforceable since it does not comply with the *Planning Act*;
 - b) The Appointing Order and the Ancillary Order entitle the Receiver to deal with and sell each of Parcel 146, Parcel 136 and Parcel 153;
 - c) The general security agreements granted by the Debtors to BNS create an attached and perfected security interest and are enforceable in accordance with their terms and attach to the proceeds of the sale of the Montague Properties subject to possible priority claims.
53. BNS provided the Receiver with an updated statement of account in respect of the Debtor's indebtedness to BNS as of September 9, 2021. As of this date, the outstanding balance owing to BNS was \$909,456.54 plus ongoing interest, and legal costs. The BNS statement of account is attached at **Appendix "13"**.

FUNDS AVAILABLE FOR DISTRIBUTION

54. A copy of the Interim SRD is attached at **Appendix "14"**. It confirms that receipts exceed disbursements by \$797,646.00 to the date of this Second Report.
55. The Receiver recommends paying an interim distribution to BNS in the amount of \$725,000.00 on account of its secured claim.
56. The Receiver will hold the net remaining proceeds of sale to fund the ongoing administration of the Receivership or until a further report to the Court is filed.

PROFESSIONAL FEES

57. Pursuant to paragraph 19 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.
58. Pursuant to paragraphs 20-21 of the Receivership 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.
59. 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

60. The Receiver has not generated sufficient funds from the sale of the Montague Properties to satisfy the Indebtedness in full. The Receiver will seek further directions from the Court with respect to realizing on the Mississippi Mills property and other assets owned by the Debtors, including the Property.

SUMMARY AND RECOMMENDATIONS


61. 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 Second Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the Second Report;
 - (c) Approving the Receiver's Interim SRD; and
 - (d) Approving a distribution to BNS in the amount of \$750,000.00 on account of its first-ranking secured claim.

This Second Report is respectfully submitted to the Honourable Court as of this 14th day of September 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
Stuart W. Lackey and Catherine A. Lackey
and not in its personal or corporate capacity

Per:



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

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Court File No. CV-20-00000008-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE MR.) FRIDAY, THE 23
JUSTICE JOHNSTON) DAY OF OCTOBER, 2020

THE BANK OF NOVA SCOTIA

Applicant

- and -

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant 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 (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondents, Stuart W. Lackey and Catherine A. Lackey (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including the real property described at Schedule "A" hereto and owned by the Respondents, or any of them (the "Real Property"), was heard this day at 43 Drummond St E, Perth, Ontario, K7H 1G1.

ON READING the affidavit of Cian McDonnell sworn January 21, 2020 and the Exhibits thereto, the affidavit of Avinash D'Souza sworn September 15, 2020 and the Exhibits thereto, the affidavit of Avinash D'Souza sworn October 15, 2020, the consent of the Debtors to the Order sought herein, filed, and on hearing the submissions of counsel for the Applicant, The Bank of Nova Scotia, and any other party present, all parties duly served as appears from the affidavits of

service of Lindsay Provost sworn January 28, 2020, September 17, 2020, and October 16, 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 acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof, and which includes the Real Property (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 \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; 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 Debtors 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 current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, 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 DEBTORS 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 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 Debtors 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 AND CASL

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 Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **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

18. 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

19. 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.

20. 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.

21. 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

22. 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 \$150,000 (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.

23. 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.

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

25. 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

26. 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.

27. 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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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

28. 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.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors, or any of them.

30. 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.

31. 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.

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

33. 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.



Justice, Ontario Superior Court of Justice

SCHEDULE "A"

REAL PROPERTY

PT LT 10 CON 10 RAMSAY AS IN RN73795 AND BEING PTS 1, 2 & 3 ON 27R10417; SUBJECT TO AN EASEMENT AS IN RM9910; TOWN OF MISSISSIPPI MILLS (PIN 05110-0090 LT)

NORTHEAST HALF LT 28 CON 1 MONTAGUE EXCEPT PART 1, 27R873, PARTS 1 & 2, 27R1880, PTS 7 & 8, 27R980 & THAT PART OF HWY 43 DESIGNATED AS PART 1 RS205576 & PARTS 1, 2 ON 27R9635; SUBJECT TO AN EASEMENT OVER PART 3 ON 27R9635 IN FAVOUR OF PARTS 1, 2 ON 27R9635 AS IN LC93894; TOGETHER WITH AN EASEMENT OVER PART 2 ON 27R9635 AS IN LC93894; TOWNSHIP OF MONTAGUE (PIN 05263-0153 LT);

PT LT 28-30 CON 1 MONTAGUE AS IN RS39038 (FIRSTLY) EXCEPT PT 4, 5, 6, 7, 27R1403 AND PARTS 6, 7, 12, 13 ON 27R9591; TOWNSHIP OF MONTAGUE (PIN 05263-0146 LT);

PT LT 19 CON 8 RAMSAY BEING THE W 1/2; PT LT 20 CON 8 RAMSAY BEING THE W 1/2 EXCEPT PTS 1-3, 27R5446, PT 1, 26R606, PT 1, 26R2046 AND PT 1, 27R7822; TOWN OF MISSISSIPPI MILLS (PIN 05087-0172 LT);

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that MNP Ltd., the receiver (the "Receiver") of the assets, undertakings and properties Stuart W. Lackey and Catherine A. Lackey (collectively, the "Debtor") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof, and including the real property described at Schedule "A" to the Order, as defined below (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (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__.

MNP Ltd., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

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Court File No. CV-20-00000008-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE
MR. JUSTICE JOHNSTON

) FRIDAY, THE 23rd DAY OF
) OCTOBER, 2020
)

BETWEEN

THE BANK OF NOVA SCOTIA

Applicant

- and -

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

ANCILLARY ORDER

THIS APPLICATION made by the Applicant for an Order (the "Appointment Order") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, appointing MNP Ltd. ("MNP") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondents, Stuart W. Lackey and Catherine A. Lackey (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including the real property described at Schedule "A" to this Order and at Schedule "A" to the Appointment Order (collectively, the "Property"), was heard this day by judicial teleconference at 43 Drummond St E, Perth, Ontario, K7H 1G1.

ON READING the affidavit of Cian McDonnell sworn January 21, 2020 and the Exhibits thereto (the "McDonnell Affidavit"), the affidavit of Avinash D'Souza sworn September 15, 2020 and the Exhibits thereto, the affidavit of Avinash D'Souza sworn October 15, 2020, the consent of the Debtors to the Order sought herein, filed, and on hearing the submissions of counsel for the Applicant, The Bank of Nova Scotia, and any other party present, all parties duly served as appears from the affidavits of service of Lindsay Provost sworn January 28, 2020, September 17, 2020, and October 16, 2020, and on reading the consent of MNP Ltd. to act as the Receiver.

1. **THIS COURT ORDERS** that the Appointment Order in the herein Application shall be effective on October 23, 2020 over all of the Property of the Debtors, with the sole exception of the Almonte Property (as defined in Schedule "A" hereto). The effectiveness of the Appointment Order over the Almonte Property shall be governed by paragraph 2 of this Order, below.


2. **THIS COURT ORDERS** that the Appointment Order shall be effective over the Almonte Property on April 2, 2021, subject to the following:

(a) **THIS COURT ORDERS** that this Application is adjourned to April [], 2021 at [] a.m. to be spoken to. This Court further Orders that, should the Debtors repay all indebtedness due to the Applicant, and all interest and costs, on or before April 2, 2021, then the Appointment Order will not be effective over the Almonte Property. In such case, the Applicant shall speak to this matter on April [], 2021 at [] a.m. to advise the Court of same;

(b) **THIS COURT ORDERS** that in the event that the Debtors fail to pay the indebtedness due to the Applicant, including all interest and costs, on or before April 2, 2021, then the Appointment Order shall be effective as against the Almonte Property, as of April 2, 2021, and the Applicant shall speak to this matter April [], 2021 at [] a.m. to advise the Court of same.

3. **THIS COURT ORDERS** that, during the period in which this Order is not effective over the Almonte Property, the Receiver shall not be deemed to be in possession of any livestock, farm equipment, or crops, including the livestock farm equipment, and crops located or housed on the Almonte Property, nor shall the Receiver have any obligation to feed, maintain, or insure such livestock, or maintain, and insure such farm equipment, or crops, including the livestock farm equipment, or crops located or housed on the Almonte Property. This Court further orders that any sale of such livestock, farm equipment, or crops shall be on notice to, and with the consent of, the Receiver, and all sale proceeds of such livestock shall be remitted forthwith by the Respondents to the Receiver.

4. **THIS COURT ORDERS** that the Applicant shall have the right to return the application on an earlier date, on four (4) days' notice to the service list, should the Applicant's security over the Almonte Property (as detailed in the McDonnell Affidavit) be determined by the Applicant to be at risk.



Justice, Ontario Superior Court of Justice

SCHEDULE "A"
REAL PROPERTY

PT LT 10 CON 10 RAMSAY AS IN RN73795 AND BEING PTS 1, 2 & 3 ON 27R10417;
SUBJECT TO AN EASEMENT AS IN RM9910; TOWN OF MISSISSIPPI MILLS (PIN 05110-
0090 LT) (the "Almonte Property")

THE BANK OF NOVA SCOTIA
Applicant

STUART W. LACKEY AND CATHERINE A. LACKEY
Respondents

Court File No. CV-20-00000008-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT PERTH

ANCILLARY ORDER

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ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF STUART W. LACKEY AND CATHERINE A. LACKEY
of the Town of Almonte, in the Province of Ontario

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

FIRST REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
STUART W. LACKEY AND CATHERINE A. LACKEY

MARCH 3, 2021

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APPENDICES

- 1 Receivership Order dated October 23, 2020
- 2 Ancillary Order dated October 23, 2020
- 3 Notice of Statement of Receiver
- 4 Listing proposal Gentry Real Estate Services Limited - Montague Properties
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- 8 Redacted Gentry Real Estate Services Limited sale and marketing results
- 9 Redacted purchase and sale agreement - PIN 05263-0146
- 10 Redacted purchase and sale agreement - PIN 05263-0153
- 11 Receivers Certificate 1
- 12 Township of Montague - Tax certificates
- 13 Soloway Wright LLP legal opinion re: BNS security dated March 2, 2021
- 14 Bank of Nova Scotia statement of account
- 15 Statement of Receipts and Disbursements

Confidential Appendices

- A Shore Tanner & Associates - Montague Properties
- B Shore Tanner & Associates - Mississippi Mills
- C Unredacted Sales and Marketing summary Montague Properties
- D Unredacted Purchase and Sale Agreement PIN 05263-0146
- E Unredacted Purchase and Sale Agreement PIN 05263-0153
- F Agreement Amending an Offer to Purchase dated February 5, 2021
- G Agreement Amending an Offer to Purchase dated February 5, 2021

INTRODUCTION AND BACKGROUND

1. Stuart W. Lackey and Catherine A. Lackey (the “Debtors”) reside at 779 Old Almonte Road, RR #3, Almonte, Ontario (the “Almonte Property”), and they manage various farmland, including cash crops and livestock.
2. On or about December 8, 2015, the Debtors became indebted to the Bank of Nova Scotia (“BNS” or the “Lender”), its senior secured creditor, with respect to certain credit facilities granted by the Lender pursuant to and under the terms of various credit and security agreements contained as Exhibits D through N to the Receivership Application Record (the “Application Record”) dated January 28, 2020 (the “Security”).
3. As reported in the Application Record, the Debtors’ obligations to the Lender pursuant to the above loans and the Security (the “Indebtedness”) totaled \$2,800,950.00 as at January 21, 2020 (excluding interest and fees accrued since).
4. The Security provides for the appointment of a receiver in the event of default by the Debtor under the Security.
5. On January 15, 2019, BNS issued to the Debtors an Exit Letter contained as Exhibit E to the Receivership Application Record that set out certain terms and conditions under which the Bank would continue to make credit available to the Debtors.
6. On July 18, 2019, BNS issued demands for payment of the Indebtedness to the Debtors, along with a Notice of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“BIA”), and a Notice of Intent to Realize on Security in accordance with s. 21 of the *Farm Debt Mediation Act* (the “FDMA”), which demands and statutory notices are contained as Exhibit R of the Application Record
7. On October 10, 2019, following the mediation pursuant to the FMDA, the Debtors and BNS did enter into a forbearance agreement, contained as Exhibit S of the Application Record (the “Forebearance Agreement”). Pursuant to the Forbearance Agreement, the Debtors acknowledged that the Security was valid and binding and agreed to satisfy the payment of arrears to BNS and to fully repay the Indebtedness by no later than January 31, 2020.

8. On November 26, 2019, the BNS advised the Debtors' legal counsel that the Debtors had failed to remit the outstanding amounts owed to BNS and provide the required reporting outlined in the Forebearance Agreement and further confirmed that if the Debtors failed to provide evidence of a binding refinancing agreement by December 6, 2019, BNS would move for the appointment of a receiver.
9. On January 7, 2020, the Debtors failed to satisfy the terms of the Forebearance Agreement and BNS advised the Debtors it would bring an application for the appointment of a receiver.
10. On January 8, 2020 and January 21, 2020, BNS received from the Debtors' counsel four listing agreements to sell various farmland, excluding the Almonte Property.
11. On January 8, 2020, the Debtors sold farmland property described in PIN 05164-0067 and the net sales proceeds were applied to reduce the Indebtedness.
12. On January 21, 2020, the Debtors provided BNS with a signed listing agreement to sell farmland located at PIN 05110-0090.
13. On January 27, 2020, BNS brought an application for the appointment of MNP Ltd. ("MNP") as the receiver of the Debtors and for the protection of the interests of BNS and other stakeholders.
14. On April 13, 2020, the Debtors sold farmland property located at PIN 05082-0019 and the net proceeds of sale were applied to further reduce the Indebtedness.
15. On June 15, 2020, BNS and the Debtors entered into an Addendum to the Forebearance Agreement which provided for, among other things, included the Debtors consenting to the appointment of a receiver.
16. On September 14, 2020, Avinash D' Souza on behalf of BNS, filed an affidavit to update the Application Record on efforts between BNS and the Debtors to repay the Indebtedness. This affidavit confirmed that these efforts were unsuccessful and confirmed that the amount outstanding to BNS had been reduced to \$1,813,461.83 as a result of the sale of the properties described above.

17. On October 15, 2020, Avinash D'Souza on behalf of BNS filed an affidavit to confirm that the Indebtedness to BNS then totaled \$1,943,963.81.
18. By Order of this Honourable Court dated October 23, 2020 (the "**Receivership Order**"), MNP was appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of Debtor used in relation to its business, including all proceeds thereof (the "**Property**"). A copy of the Receivership Order is attached at **Appendix "1"**.
19. By Ancillary Order of this Honourable Court dated October 23, 2020 (the "**Ancillary Order**"), MNP was deemed not to be in possession of the Debtors' Almonte Property, the livestock, the farm equipment and the crops (the "**Excluded Assets**") until April 2, 2021. A copy of the Ancillary Order is attached at **Appendix "2"**.

PURPOSE OF THIS REPORT

20. 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 Montague Properties (as defined below) to the purchaser thereof and vesting title to the Montague Properties in the purchaser free and clear of any encumbrances;
 - (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**"); and
 - (f) in the event the Court approves the Sales Agreements and the Sales Transactions and the said transactions close, to seek the Court's approval in respect of paying to the Township of Montague all outstanding municipal tax arrears (the "**Tax**

Arrears") in respect of the Montague Properties, which Tax Arrears totaled \$1,813.64 as of January 29, 2021.

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

NOTICE TO READER

22. 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.

23. 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

24. Immediately following the granting of the Receivership Order on October 23, 2020 (the "**Receivership Date**"), the Receiver attended at the Debtors' properties to take possession of and secure the various farmlands not excluded by the Ancillary Order. The initial activities of the Receiver included:

- (a) notifying the Debtors of MNP's appointment as Receiver;
- (b) attending at the Debtors' property and various farmlands to inspect the site and take photographs;
- (c) review the list of farm equipment with the Debtors;
- (d) inspecting the livestock at the Debtors' property and farmlands;
- (e) providing copy of the Receivership Order to the Debtors;
- (f) requesting relevant information of books and records of the Debtors;

- (g) responding to creditor inquiries; and
- (h) 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 Debtor's creditors. A copy of this notice is attached at **Appendix "3"**.

THE DEBTORS' VARIOUS REAL PROPERTY, THE APPRAISALS AND THE LISTINGS

25. On January 15, 2021, the sale of the Almonte Property by the Debtors was completed and the net sale proceeds in the amount of \$1,146,139.96 were paid by the Debtors to BNS.
26. On November 13, 2020, the Receiver obtained a real estate appraisal from Shore Tanner & Associates (the "**Montague Appraisal**") for the farmland located at County Road 43 in the Township of Montague, Ontario, having PIN numbers 05263-0146 (the "**146 Parcel**") and 05263-0153 (the "**153 Parcel**") (collectively, the "**Montague Properties**", which definition is hereinafter taken to also include PIN 05263-0136 (the "**136 Parcel**")). A copy of the Montague Appraisal is reproduced at **Confidential Appendix "A"**.
27. On November 19, 2020, the Receiver obtained a real estate appraisal from Shore Tanner & Associates (the "**Mississippi Mills Appraisal**") for the farmland located 2312 Ramsay, Concession 8, Mississippi Mills, Ontario, having PIN number 05087-0172 (the "**Mississippi Mills Property**"). A copy of the Mississippi Mills Appraisal is reproduced at **Confidential Appendix "B"**.
28. The Debtors purchased the Montague Properties on December 4, 2012 for \$705,000.00 and the Mississippi Mills Property on January 26, 2007 for \$385,000.00.
29. On November 11, 2020, the Receiver obtained listing proposal from Gentry Real Estate Services Limited ("**Gentry**") to market and sell the Montague Properties. A copy of the listing proposal is contained at **Appendix "4"**.
30. On November 12, 2020, given the favourable terms contained in this listing agreement and that Gentry is a reputable, competent and licensed commercial real estate broker, the Receiver selected Gentry to list and market the Montague Properties with list prices of \$699,000.00 and \$299,000.00. A copy of the listing agreements is contained at **Appendix "5"**.

31. On November 23, 2020, the Receiver obtained listing proposal from Gentry to also market and sell the Mississippi Mills Property. A copy of the listing proposal is contained at **Appendix “6”**.
32. On November 26, 2020, given the favourable terms contained in this listing agreement and that Gentry is a reputable, competent and licensed commercial real estate broker, the Receiver selected Gentry to list and market the Mississippi Mills Property with listing price of \$949,900.00. A copy of the listing proposal is contained at **Appendix “7”**.
33. On January 16, 2021, in order to determine the remaining amounts due to BNS, the listing agreement for Mississippi Mills Property was amended to viewing only until the sale of the Montague Properties has been completed.

MARKETING OF MONTAGUE PROPERTIES AND RESULTS

34. The marketing process and the results of the marketing process for the Montague Properties are detailed in **Confidential Appendix “C”** and a redacted copy is attached at **Appendix “8”**.
35. Highlights of Gentry’s marketing process in respect of the sale of the Real Property are as follows:
 - a) Gentry went to market and asked all interested parties to submit offers to purchase by December 1, 2020;
 - b) 14 parties made inquiries and formal inspections of the Montague Properties;
 - c) at the time of the initial offering expiring, two (2) offers were received from parties interested in purchasing both the 146 Parcel and the 153 Parcel of farmland and one other party was interested in purchasing only the 146 Parcel. However, the amount of this latter offer was below the former two offers; and
 - d) on November 20, 2019, the purchasing party submitted an offer to purchase the Montague Properties that BNS confirmed it supported.
36. The Montague Properties contained no buildings and structures and are used solely for farming. The value for farmland remains consistent within the geographic region and,

therefore, only a limited number of buyers would be interested in such property to expand their crop production.

THE SALES AGREEMENTS AND TRANSACTIONS

37. On December 1, 2020, the Receiver accepted the final offers to purchase the Montague Properties (the “Sales Agreements”), copies of which are attached as **Confidential Appendices “D” and “E”** and redacted copies of which are attached as Appendices “9” and “10” (in which the purchaser’s identity and the purchase prices were redacted). The Sales Agreements provide for a combined deposit of \$20,000.00, and that they are binding, and that the closings (the “Sales Transactions”) are subject to the approval of the Court.
38. Shortly after entering the Sales Agreements, it was determined that a small portion of land, being the 136 Parcel, abutted the 146 Parcel, both of which are owned by Stuart Lackey. The 136 Parcel totals approximately 462.85 square feet or .011 acre. As is outlined below, in order to comply with the *Planning Act*, both these parcels must be conveyed together as part of the Sales Transactions.
39. On February 5, 2021, agreements amending the Sales Agreements with respect to the Montague Properties were executed to add the 136 Parcel to the agreements, extend the closing dates and to increase the purchase price by \$100.00 for the 136 Parcel. A copy of the amending agreements are attached as **Confidential Appendices “F” and “G”**.
40. The Receiver recommends that the Sales Agreement and the Sales Transaction with respect to the Montague Properties be approved by this Honourable Court for the following reasons:
 - a) the Montague Properties were exposed widely to the marketplace 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;
 - c) the purchase prices are greater than appraised values of the Montague Properties;
 - d) the purchase prices are greater than the other offers received by the Receiver;

- e) the Receiver does not believe that further marketing of the Montague Properties will result in a superior offers; and
- f) the Sales Transactions that are the subject of the Sales Agreements 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

- 41. The Receiver did not operate the farm operations pursuant to the terms of the Ancillary Order.
- 42. The Receiver did obtain an initial advance from BNS and accordingly issued a Receiver's Certificate in the amount of \$20,000.00. A copy of the Receivers Certificate 1 is attached at **Appendix "11"**.

PRIORITY AND SECURED CLAIMS

Priority Claims

- 43. As of January 29, 2021, the Tax Arrears for the Montague Properties was \$1,813.64. A copy of the property tax certificates is contained at **Appendix "12"**.
- 44. The Receiver continues to investigate whether there are any other priority claims and will further report to the Court on such claims in a future Court report.

Secured Claims

- 45. The parcel registers for the Montague Properties confirm that BNS registered a charge on title to the 146 Parcel and the 153 Parcel, but not the 136 Parcel. The Receiver's independent legal counsel, André Ducasse of Soloway Wright LLP, provided the Receiver with a legal opinion regarding the validity and enforceability of the security held by BNS, a copy of which is attached at **Appendix "13"**.
- 46. Based on this legal opinion, it appears that:
 - a) BNS's mortgage security with respect to the Montague Properties is void and unenforceable since it does not comply with the *Planning Act*;
 - b) The Appointing Order and the Ancillary Order entitle the Receiver to deal with and sell each of Parcel 146, Parcel 136 and Parcel 153;

c) The general security agreements granted by the Debtors to BNS create an attached and perfected security interest and are enforceable in accordance with their terms and attach to the proceeds of the sale of the Montague Properties subject to possible priority claims.

47. The March 2, 2021 parcel registers for each of the Montague Properties and the PPSA search results for each of the Debtors is enclosed with this legal opinion attached at **Appendix “13”**.

48. BNS provided the Receiver with an updated statement of account in respect of the Debtor’s Indebtedness to BNS as of February 22, 2021. As of this date, the outstanding balance owing to BNS was \$824,111.00 plus ongoing interest, and legal costs. The BNS statement of account is attached at **Appendix “14”**.

FUNDS AVAILABLE FOR DISTRIBUTION

49. A copy of the SRD is attached at **Appendix “15”**. It confirms that receipts exceed disbursements by \$13,063.71 to the date of this First Report.

50. In the event the Sales Agreements and the Sales Transactions are approved by the Court and the transactions close, the Receiver will hold the net proceeds of sale until a further report to the Court is filed with respect to distributing the sale proceeds.

PROFESSIONAL FEES

51. Pursuant to paragraph 19 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.

52. Pursuant to paragraph 20 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.

53. 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

54. The Receiver will attempt to close the Sales Transaction and report back to Court upon its completion. In the event the Sales Transactions does not close, the Receiver will resume the sales process in respect of the Debtors' property subject to the Receivership Order and Ancillary Order.

SUMMARY AND RECOMMENDATIONS

55. 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 Agreements and Sales Transactions, and the conveyance of the Montague Properties to the purchase and vesting title of the Montague Properties in the purchaser free if encumbrances;
- (d) Approving the sealing of the confidential appendices to the First Report pending the closing of the Sales Transactions or further Order of this Court;
- (e) Approving the Receiver's Interim Statement of Receipts and Disbursements; and
- (f) Upon closing of the Sales Transactions, approving the payment to the Township of Montague for all Tax Arrears in respect of the Montague Properties.

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

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
Stuart W. Lackey and Catherine A. Lackey
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
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF STUART W. LACKEY AND CATHERINE A. LACKEY
of the Town of Almonte, in the Province of Ontario

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

SUPPLEMENT REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
STUART W. LACKEY AND CATHERINE A. LACKEY

MARCH 18, 2021

PURPOSE OF THIS REPORT

1. This report is supplemental to the Frist Report of the Receiver dated March 3, 2021. All defined terms herein not otherwise defined are as defined in the First Report.
2. The purpose of this Supplemental Report is to provide the Court with additional information regarding the opinion of value provided by Respondents' counsel to the Receiver's independent legal counsel by email communication at 3:24 p.m. on March 18, 2021. This opinion of value is dated March 17, 2021, and was prepared by Allan Earle, who is a sales representative with Culligan Real Estate Limited Brokerage.
3. Mr. Earle is the agent who had previously listed the Montague Properties on December 12, 2019, expiring on June 12, 2020. The listing was for \$1.1 million. The Receiver understands that no offers were received as a result of this listing.
4. Mr. Earle is not a certified appraiser. Further, his opinion contains the following material assumptions and limitations with respect to the Montague Properties:
 - a) Part of his value assumes \$400,000 with respect to 60 acres of the Montague Properties that would be severed with water frontage on the Rideau River for residential development. This is not the current use of these properties. They are currently vacant fields used for crops. Further, this value assumes the value after the severance process, but does not account for the costs to sever the lots and provide for water, road access and other utilities;
 - b) His value also assumes \$60,000 for renovating cropland, which renovations have not been completed;
 - c) Without the above assumptions, he values the Montague Properties at a significantly lower amount; and
 - d) Mr. Earle also writes: "This letter of opinion of value is for marketing purposes only and is not to be relied upon for any legal purpose."
5. Mr. Earle's opinion assumes the highest and best use of the Montague Properties and not their current use. As noted by Mr. Earle in his opinion:

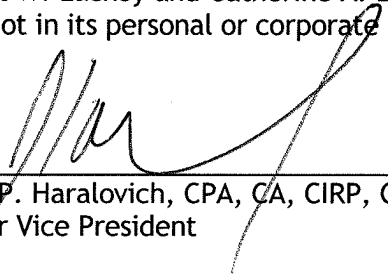
“Comments: With the severance option in this COVID market the highest value for both of these properties would be post severance and not as a bulk sale. The residential market that is coming to the country seldom put much value in land over 30 acres with the buildings.”

6. As noted in the First Report, the Receiver has amended the listing with respect to the Mississippi Mills Property to viewings only until the sale of the Montague Properties is completed. This will permit the Receiver to assess what amounts will then be owed to the Respondents’ creditors so that the Receiver can then decide how best to proceed. Thus, the Receiver is reserving comments with respect to Mr. Earle’s opinion of value with respect to the Mississippi Mills Property

This Supplemental Report to the First Report is respectfully submitted to the Honourable Court as of this 18th day of March 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
Stuart W. Lackey and Catherine A. Lackey
and not in its personal or corporate capacity
Per:



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

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Court File No. CV-20-00000008-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF STUART W. LACKEY AND CATHERINE A. LACKEY
of the Town of Almonte, in the Province of Ontario**

THE HONOURABLE MADAM) FRIDAY, THE 9TH DAY
JUSTICE MICHELLE O'BONSAWIN) OF APRIL, 2021.

B E T W E E N:

THE BANK OF NOVA SCOTIA

Applicant

and

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by MNP Ltd. in its capacity as the Court-appointed receiver (the "**Receiver**") of certain undertakings, properties and assets of the Respondents, Stuart W. Lackey and Catherine A. Lackey (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 Keith Cassell (the "**Purchaser**") dated December 1, 2020, as amended by agreement dated February 5, 2021 and which agreements are appended as Confidential (redacted) Appendices to the Report of the Receiver dated March 3, 2021 (the "**Report**"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets

described in the Sale Agreement (the "**Purchased Assets**"), was heard on March 26, 2021 and April 8, 2021 at the Courthouse, 43 Drummond Street East, Perth, Ontario.

ON READING the Notice of Motion, the Report and the Factum and Authorities filed by the Receiver, and on reading the material filed by the Applicant and the Respondents herein, and on hearing the submissions of counsel for the Receiver, the Applicant and the Respondents, no one appearing for any other party on the service list, although properly served as appears from the Affidavit of Service of Roxanne Chapman, sworn on March 8, 2021 filed:

1. **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.

2. **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 Debtors' 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 Mr. Justice Johnston dated October 23, 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.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Renfrew (No. 27) 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.

4. **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.

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

6. **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 Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtors;

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 Debtors and shall not be void or voidable by creditors of the Debtors, 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.

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

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A handwritten signature in cursive script, reading "M. O'Bonsawin J.", is written above a horizontal line.

THE HONOURABLE MADAM JUSTICE MICHELLE O'BONSAWIN

Schedule A – Form of Receiver’s Certificate

Court File No. CV-20-00000008-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF STUART W. LACKEY AND CATHERINE A. LACKEY
of the Town of Almonte, in the Province of Ontario**

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Johnston of the Ontario Superior Court of Justice (the "**Court**") dated October 23, 2020, MNP Ltd. was appointed as the receiver (the "**Receiver**") of certain undertakings, properties and assets of the Respondents, Stuart W. Lackey and Catherine A. Lackey (the "**Debtors**").

B. Pursuant to an Order of the Court dated April 9, 2021, the Court approved the agreement of purchase and sale made as of December 1, 2020 as amended by amending agreement dated February 5, 2021 (the "**Sale Agreement**") between the Receiver and Keith Cassell (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors’ 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 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 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].

MNP LTD., solely in its capacity as Court-Appointed Receiver of the undertakings, properties and assets of the Debtors, and not in its personal capacity

Per: _____

Name:

Title:

Schedule B – Purchased Assets

The Purchased Assets include the following:

A. The following parcels of land:

1. NORTHEAST HALF LT 28 CON 1 MONTAGUE EXCEPT PART 1, 27R873, PARTS 1 & 2, 27R1880, PARTS 7 & 8, 27R980 & THAT PART OF HWY 43 DESIGNATED AS PART 1, RS205576 AND PARTS 1, 2 ON 27R9635; SUBJECT TO AN EASEMENT OVER PART 3 ON 27R9635 IN FAVOUR OF PARTS 1, 2 ON 27R9635 AS IN LC93894; TOGETHER WITH AN EASEMENT OVER PART 2 ON 27R9635 AS IN LC93894; TOWNSHIP OF MONTAGUE

PIN 05263-0153 (LT)

LRO #27

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

The following Claims are to be deleted and expunged from title to the Real Property:

Instrument Number	Date of Registration	Description
LC160988	2016/01/13	Charge
LC216935	2020/12/18	APL Court Order

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property and Permitted PPSA Registrations**

(unaffected by the Vesting Order)

Any Instrument registered against title to the Real Property not listed in Schedule “C” hereto as of the date hereof is a permitted encumbrance.

THE BANK OF NOVA SCOTIA
Applicant

- and -

STUART W. LACKEY and CATHERINE A. LACKEY
Respondents

Court File No.: CV-20-00000008-0000

ONTARIO SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF STUART W. LACKEY AND CATHERINE
A. LACKEY, of the Town of Almonte, in the Province of
Ontario**

Proceedings commenced at Perth, Ontario

APPROVAL AND VESTING ORDER

SOLOWAY WRIGHT LLP

Lawyers

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Ottawa, ON K1R 7Y2

André A. Ducasse (#44739R)

aducasse@solowaywright.com

613-236-0111 telephone

613-230-8842 facsimile

Lawyers for the Court-Appointed Receiver, MNP Ltd.



Court File No. CV-20-00000008-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF STUART W. LACKEY AND CATHERINE A. LACKEY
of the Town of Almonte, in the Province of Ontario**

THE HONOURABLE MADAM) FRIDAY, THE 9TH DAY
JUSTICE MICHELLE O'BONSAWIN) OF APRIL, 2021.

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

STUART W. LACKEY AND CATHERINE A. LACKEY

Respondents

ORDER

THIS MOTION made by MNP Ltd. in its capacity as the Court-Appointed Receiver (the "**Receiver**") of certain assets, undertakings and properties of the Respondents, Stuart W. Lackey and Catherine A. Lackey (the "**Debtors**"), for an Order, *inter alia*:

1. Dispensing with service and/or declaring that service of this motion has been validly effected on all necessary parties and declaring that this motion was properly returnable on March 26, 2021 and April 8, 2021;
2. Approving the Receiver's First Report to the Court dated March 3, 2021 (the "**First Report**"), and the activities and conduct of the Receiver and its legal counsel since its appointment;

3. Approving the Sales Agreements and the Sales Transactions (as these terms are described and defined in the First Report) and the execution of the Sales Agreements by the Receiver;
4. Vesting in the purchaser pursuant to the Sales Agreements (the “**Purchaser**”) the Debtors’ right, title and interest in the assets described in the Sales Agreements (the “**Purchased Assets**”) and vesting title in the Purchased Assets to the Purchaser free and clear of any claims, liens and encumbrances;
5. Sealing confidential appendices “A”, “B”, “C”, “D”, “E”, “F” and “G” to the First Report (the “**Confidential Appendices**”);
6. In the event the Sales Transactions close and the Receiver receives the sale proceeds from the Purchaser (the “**Sale Proceeds**”), authorizing and directing the Receiver to pay from the Sale Proceeds any municipal tax arrears (the “**Tax Arrears**”), if any, in respect of the Purchased Assets to the Township of Montague; and
7. Approving the Receiver’s interim statement of receipts and disbursements (the “**Interim SRD**”);

was heard by teleconference on March 26, 2021 and April 8, 2021 at the Courthouse, 43 Drummond Street East, Perth, Ontario.

ON READING the Notice of Motion, the First Report and the Factum and Authorities filed by the Receiver, and on reading the material filed by the Applicant and the Respondents herein, and on hearing the submissions of counsel for the Receiver, the Applicant and the Respondents, no one else appearing for any other person on the service list, although properly served as evidenced by the Affidavit of Service of Roxanne Chapman, sworn on March 8, 2021, filed,

1. **THIS COURT ORDERS AND DECLARES** that service of this motion is hereby abridged and validated so that this motion was properly returnable on March 26, 2021 and April 8, 2021 and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that the Receiver's First Report is hereby approved and that the activities and conduct of the Receiver and that of its legal counsel as set forth in the First Report are hereby ratified and approved.
3. **THIS COURT ORDERS AND DECLARES** that the Confidential Appendices shall be kept sealed and confidential and shall not form part of the public record until the Sales Transactions close or pending further Order of this Court.
4. **THIS COURT AUTHORIZES AND DIRECTS** that, in the event the Sales Transactions close and the Receiver receives the Sale Proceeds from the Purchaser, the Receiver shall pay any Tax Arrears in respect of the Purchased Assets from the Sale Proceeds to the Township of Montague.
5. **THIS COURT ORDERS AND DECLARES** that the Receiver's Interim SRD is hereby approved.

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THE HONOURABLE MADAM JUSTICE MICHELLE O'BONSAWIN

THE BANK OF NOVA SCOTIA
Applicant

- and -

STUART W. LACKEY and CATHERINE A. LACKEY
Respondents

Court File No.: CV-20-00000008-0000

ONTARIO SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF STUART W. LACKEY AND CATHERINE
A. LACKEY, of the Town of Almonte, in the Province of
Ontario**

Proceedings commenced at Perth, Ontario

ORDER

SOLOWAY WRIGHT LLP

Lawyers

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Lawyers for the Court-Appointed Receiver, MNP Ltd.

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District of: Ontario
Division No. 12 - Ottawa
Court No. CV-20-00000008-0000
Estate No. 33-165755

- FORM 87 -

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

In the matter of the receivership of
Stuart W. Lackey and Catherine A. Lackey
of the Town of Almonte
in the Province of Ontario

The receiver gives notice and declares that:

1. On the 23rd day of October 2020, we, MNP Ltd., became the receiver in respect of the property of Stuart W. Lackey and Catherine A. Lackey, that is described below:

Other	Various farming equipment	500000.00
Real Property or Immovable	House - Almonte - 779 Old Almonte Road	1200000.00
Real Property or Immovable	Building and Land - PT LT 28-30 Con 1 Montague As In RS39039 (Firstly) except PT 4,5,6,7,27R1403 and parts 6,7,12,13 ON 27R9591 Township of Montague	900000.00
Real Property or Immovable	Land - Mississippi Mills - 2312 Ramsay Concession 8	465000.00
Motor Vehicles	Automobile - 2019 - BMW - X3 XDrive30I - VIN: 5UXTR9C56KLP84005	1.00
Business Assets	Book Debts - Various accounts receivable	20000.00
Business Assets	Stock In Trade - Crops and feed	61500.00

2. We became a receiver by having taken possession or control of the property described above (or by virtue of being appointed by The Bank of Nova Scotia), pursuant to General Security Agreement dated October 11, 2017, specified collateral mortgage on the four remaining properties registered on January 13, 2016.

3. The undersigned took possession or control of the property described above on the 23rd day of October 2020.

4. The following information relates to the receivership:

(a) Address: 779 Old Almonte Road, RR#3, Almonte, ON, K0A 1A0

(b) Principal line of business: Farming and land ownership

(c) Location(s) of business:

770 Old Almonte Road, Almonte, ON, K0A 1A0

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

The Bank of Nova Scotia	\$1943963.81
BMW Canada Inc.	\$1.00
CWB National Leasing Inc./ (formerly National Leasing Group Inc)	\$1.00
CWB National Leasing Inc./ (formerly National Leasing Group Inc)	\$1.00
CWB National Leasing Inc./ (formerly National Leasing Group Inc)	\$1.00
CWB National Leasing Inc./ (formerly National Leasing Group Inc)	\$1.00
John Deere Credit Inc.	\$16000.00
Farm Credit Canada	\$1.00
Ottawa Valley Breeder Finance Co-operative	\$51000.00

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

CRA - Tax - Ontario	Unsecured	\$1.00
Maizex Seeds Inc.	Unsecured	\$63612.00
Barclay Dick and Sons	Unsecured	\$100000.00

(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 debtor has accepted an offer to purchase for the main property located at 779 Old Almonte Road. The Ancillary Order, leaves possession of this property along with the live stock, crops and equipment in possession of the debtor but with supervision by the Receiver. The Receiver will sell the remaining 3 properties as it is anticipated the combined value should satisfy the first secured creditors indebtedness.

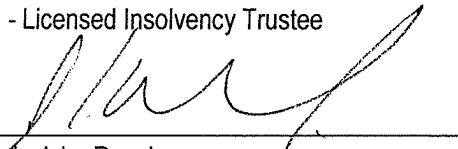
(g) Contact person for receiver:

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

Dated at the City of Ottawa in the Province of Ontario, this 23rd day of October 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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**MNP LTD., RECEIVER RE:
STUART W. LACKEY AND CATHERINE A. LACKEY**

**ROJECTED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
PROJECTED DISTRIBUTION TO BANK OF NOVA SCOTIA**

	Actual
Receipts:	
Sale of Montague Property	\$ 925,100
Interest	-
	<u>925,100</u>
Disbursements:	
Filing fee	71
License fee	311
Appraisal fees and expenses	6,554
Real estate fees and taxes	41,810
Legal fees related to sale of property and title issues	10,640
Property taxes	2,756
Legal fees receivership matter, to date	28,985
Receiver fees and expenses, to date	35,400
	<u>126,527</u>
Net proceeds available from the sale of Montague	\$ <u>798,573</u>
Estimated indebtedness to The Bank of Nova Scotia	839,760
Receivers Advance to be repaid	20,000
	<u>859,760</u>
Projected costs to close the matter (assuming motions on consent):	
Legal fees, per appearance	7,500
Legal fees to close the matter	2,500
Receiver fees, per appearance	11,000
Receiver fees to close the matter	1,500
	<u>22,500</u>
Projected deficiency (assuming one further Court appearance)	\$ <u>(83,687)</u>

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June 9, 2021

TO WHOM IT MAY CONCERN

Dear Sir/Madam:

Re: Mr. Stuart Lackey

I am a mortgage agent specializing in farm financing for the Ontario market. I am familiar with Mr. Lackey's situation and have been working with him for the last few weeks. I am aware of his situation and, due to the urgency of the matter, I have been working with a sale lease back company in Western Ontario. This company will covert the equity that he has in his larger equipment into liquid asset (cash) to be used to raise the \$100K that is needed to look after the commitment he has.

I can assure you that this is being done as we speak and funding will be forthcoming very soon for Mr. Lackey. I have done several of these types of loans as well as real estate refinances. I have been in the business since 2013 and have a prior 30-year career in dairy farming so I can understand the challenges of farming and appreciate the need for quick credit and capital. I will be available at anytime for updates if needed.

Yours sincerely,



Ron Ashmore
Kawartha Lakes & All Ontario
Mortgage Agent Lic# 13002241
Expert Mortgage Broker Lic# 12079
705 934 2223 Phone/Text
888 934 2521 Toll Free & Fax
ron.ashmore@expertmortgagebroker.com
www.ronashmore.com

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John Haralovich

From: John Haralovich
Sent: June 29, 2021 11:00 AM
To: Kerri Malcolm; Andre Ducasse
Cc: Todd Storms
Subject: RE: Stuart and Catherine Lackey ats. The Bank of Nova Scotia

Kerri

Thank you for the update. As the Receiver we have a duty to move this file along and the secured creditor is asking for a distribution to reduce the indebtedness and increasing interest costs.

In order to comply with their request, we will instruct Mr. Ducasse to canvas dates with the Perth court to have an appearance to approve the distribution to the secured creditor and approval for our fees and our legal representative.

We would require confirmation of funding no later than 5 pm on Tuesday July 2, 2021 after which we will proceed with the continued administration of the receivership. Please convey this to Mr. Lackey and ask that he execute what is required to facilitate funding into our legal representatives trust account.

Please let me know if you have any further questions or need to discuss this further.

Regards,

John Haralovich, CIRP, LIT, CPA, CA, CMA

Senior Vice President

DIRECT 613.691.4262

FAX 613.726.9009

CELL 613.297.4759

1600 Carling Avenue Suite 800

Ottawa, ON K1Z 1G3

john.haralovich@mnp.ca

mnpdebt.ca

MNP^{LTD}

Member of Praxity, AISSB
Global Alliance of Independent Firms



From: Kerri Malcolm <kmalcolm@tmlegal.ca>
Sent: June 25, 2021 9:08 PM
To: Andre Ducasse <aducasse@solowaywright.com>
Cc: Todd Storms <tstorms@tmlegal.ca>; Meghan McCallen <mmccallen@tmlegal.ca>; John Haralovich <John.Haralovich@mnp.ca>
Subject: RE: Stuart and Catherine Lackey ats. The Bank of Nova Scotia

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Andre,

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TEMPLEMAN

TODD D. STORMS, B.A., M.A., LL.B.
T: 613.966.2620 E: tstorms@tmlegal.ca

Please Reply to the Belleville Office

July 9, 2021

VIA EMAIL: aducasse@solowaywright.com

Soloway Wright LLP
700-427 Laurier Avenue West
Ottawa, ON K1R 7Y2

ATTENTION: André A. Ducasse

Dear Mr. Ducasse:

**RE: Stuart and Catherine Lackey ats. The Bank of Nova Scotia
Court File No. CV-20-00000008-0000 | Our File No. 8006094**

We write with respect to the above noted matter in order to provide you with an update as to the status of our clients' ongoing attempts to secure financing in the amount of \$125,000.

We have been diligently working with our clients to bring this matter to a close. At present, we are following up daily with our clients as well as their mortgage broker in order to determine whether financing has been secured. As of the date of this letter, our clients' mortgage broker requires further disclosure from our clients with respect to their assets as there is contemplation of possibly utilizing the land as opposed to equipment as was originally being considered. We have been assured by our clients that this information is being provided. We have also been informed by the mortgage broker that they almost have the totality of the information they require. Further, we have been provided with the details of the lender in question; however, no commitment has been executed as of the date of this correspondence.

At this time, we are doing what we can to ensure our clients are working efficiently with their mortgage broker to secure the financing. We have repeatedly expressed to all parties involved that the matter is time sensitive. We appreciate your ongoing patience in allowing our clients the time to get their affairs in order.

We understand the creditors are making inquiries of the Receiver with respect to the timeline for receiving payment. At present we regret that we are unable to provide an exact date the financing will be provided.

Yours very truly,
TEMPLEMAN LLP



TODD D. STORMS
TDS/km

cc: John Haralovich, MNP LLP (via email: John.Haralovich@mnp.ca)

Templeman
BELLEVILLE | KINGSTON

tmlegal.ca

205 Dundas St. E., Suite 200, Box 234, Belleville, ON K8N 5A2
Tel (613) 966-2620 Fax (613) 966-2866
366 King St. E., Suite 401, Kingston, ON K7K 6Y3
Tel (613) 542-1899 Fax (613) 542-8202

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John Haralovich

From: Andre Ducasse <aducasse@solowaywright.com>
Sent: July 28, 2021 12:26 PM
To: Todd Storms
Cc: John Haralovich; Kerri Malcolm
Subject: RE: Stuart Lackey and Bank of Nova Scotia
Attachments: 2021-07-09 Letter A. Ducasse.pdf

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Todd,

Unfortunately, despite your July 9, 2021 correspondence (attached) and our subsequent telephone attendances, we have had no update on this matter and we have yet to receive confirmation that your clients will be able to fund the shortfall in the receivership proceedings. As previously discussed, proceeding in this manner would be the most cost effect approach and would permit the Receiver to fully pay out the secured creditor's claims and complete the receivership and obtain its discharge, all of which could be accomplished with one further Court attendance.

As a result of these delays by your clients that are prejudicing not only their interests, but also those of the stakeholders in the receivership proceedings, the Receiver had no alternative but to secure an October 1, 2021 date with the Court in Perth to bring a motion for a distribution order so that the proceeds of the sale of the Montague properties can be distributed to the secured creditor. The motion will also seek various ancillary relief, including, amongst other things, having the Receiver's report and activities approved by the Court. Thereafter and in the interim, in accordance with the Receivership Order, the Receiver will be required to continue with the receivership proceedings, which will require additional work and Court attendances resulting in further interest accruing and costs. Thus, should your clients be able to secure financing to fund the shortfall in the interim, we would ask that you please confirm at the earliest opportunity.

Regards,
Andre

André A. Ducasse
Partner/Associé
Soloway Wright LLP/s.r.l.
T: 613.782.3225 | C: 613.324.3732 | F: 613.238.8507 | aducasse@solowaywright.com
700-427 Laurier Av. W, Ottawa, ON K1R 7Y2 | www.solowaywright.com

Soloway
Wright lawyers

From: Meghan McCallen <mmccallen@tmlegal.ca>
Sent: July 9, 2021 1:56 PM
To: Andre Ducasse <aducasse@solowaywright.com>
Cc: John.Haralovich@mpn.ca; Todd Storms <tstorms@tmlegal.ca>; Kerri Malcolm <kmalcolm@tmlegal.ca>
Subject: Stuart Lackey and Bank of Nova Scotia

Good afternoon,

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NANCY M. McGLADE, CPA, CA

CHARTERED PROFESSIONAL ACCOUNTANT

5542 Ann St.
P.O. Box 533
Manotick, Ontario K4M 1A5

Telephone: (613) 692-7017
Facsimile: (613) 692-3240
E-mail: nancy@nmcgladecpa.com

August 2, 2021

*Renewed VTA Email
aug 30/2021*

MNP Ltd.
800 – 1600 Carling Ave.
Ottawa, Ontario
K1Z 1G3

Attention: John Harolavigh

Re: Stuart and Catherine Lackey

Dear Mr. Harlolavigh:

Mr. Lackey informed you that I, as accountant for Stuart and Catherine Lackey, would be reaching out to you for detailed monetary information regarding the amounts owing to MNP Ltd., as receiver for Bank of Nova Scotia (BNS).

The purpose of this request is two-fold:

- A. To confirm accuracy and completeness of remaining debt owed (charges less payments) in anticipation of final payment of the debt.
- B. To obtain details of expenses related HST for past due personal income tax returns and HST returns.

Following is a list of properties sold (with applicable closing dates). Net proceeds on each sale were remitted to BNS as part repayment of mortgage closing date of January 13, 2016.

1. May 1, 2018 – Smith's Falls, ON
2. Feb. 27, 2020 – 2771 Drummond Conc. 2, Perth, ON
3. Apr. 30, 2020 – Part Lot 3, Conc. 9, Pakenham, ON
4. Jan 8, 2021 – 779 Old Almonte Road, Almonte, ON
5. May 1, 2021 – Pt. Lt. 28-30 Conc. 1, Montague Township, ON

Please provide a "detailed accounting" (including supporting documentation) of the transactions as soon as possible. My client has requested that I review the above requested information before final payment is made. Please note they have funds available to remit to their "lawyer in trust" and will do so when they are comfortable with the final balance owing.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact my office.

Regards,

Nancy McGlade

Nancy M. McGlade, CPA, CA
Chartered Professional Accountant

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John Haralovich

From: Tim Hogan <thogan@harrisonpensa.com>
Sent: September 9, 2021 3:37 PM
To: John Haralovich
Cc: McDonnell, Cian
Subject: Lackey [IWOV-HPMain.FID419818]
Attachments: 20210908-Loan Summary.pdf; term debt 2018 and 2019.pdf

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John

The sum remaining due as at September 21, 2021 is as follows:

- Principal: \$820,647.42
- Interest: \$20,959.11
- Total before costs: \$841,606.53
- Cost paid to date: \$64,850.01
- Total: \$906,456.54

Please see attached loan summary for February 2020 to September 21, 2021 and a statement from January 2018 to December 2019.

Under separate cover I will send the Overdraft statements.

Tim Hogan | HARRISON PENZA LLP | 450 Talbot St., London, Ontario N6A 5J6 | *tel* 519-661-6743 | *fax* 519-667-3362
| thogan@harrisonpensa.com

Assistant | Cathy Coleiro | *tel* 519-850-5568 | ccoleiro@harrisonpensa.com

This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

From: John Haralovich <John.Haralovich@mnt.ca>
Sent: Tuesday, September 7, 2021 5:33 PM
To: McDonnell, Cian <cian.mcdonnell@scotiabank.com>
Cc: Tim Hogan <thogan@harrisonpensa.com>
Subject: Lackey

[EXTERNAL EMAIL]

Gents,

I am finalizing my second report to the court which we hope to have out before Sept 17, 2021.

We have an email from Tim dated April 27, 2021 confirming the outstanding indebtedness. Given the passage of time, it would be helpful to have an updated statement.

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**MNP LTD., RECEIVER RE:
STUART W. LACKEY AND CATHERINE A. LACKEY**

**INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD OCTOBER 23, 2020 TO SEPTEMBER 12, 2021**

	Actual
Receipts:	
Sale of Montague Property	\$ 925,100
Interest	-
	<u>925,100</u>
Disbursements:	
Filing fee	71
License fee	275
Appraisal fees and expenses	5,800
HST paid	4,924
Real estate fees and taxes	41,810
Legal fees related to sale of property and title issues	10,640
Property taxes	2,460
Interest and bank charges	784
Legal fees receivership matter	30,890
Receiver fees and expenses	31,800
	<u>129,454</u>
Excess of Receipts over Disbursements	\$ <u><u>795,646</u></u>
Represented by:	
Interim payment to the Bank of Nova Scotia	\$ 750,000
Balance of funds to be held by the Receiver	45,646
	\$ <u><u>795,646</u></u>