



**ESTATE FILE NO.: 32-3141316**

**IN THE MATTER OF THE BANKRUPTCY OF  
72 JAMES INVESTMENTS INC.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON  
PRELIMINARY ADMINISTRATION**

## **1.0 Introduction**

1. This report ("**Report**") is filed by KSV Restructuring Inc. ("**KSV**") in its capacity as Licensed Insolvency Trustee (the "**Trustee**") of 72 James Investments Inc. (the "**Bankrupt**").
2. On February 26, 2024, the Ontario Superior Court of Justice (the "**Court**") issued an order (the "**Receivership Order**") appointing KSV as the receiver and manager (the "**Receiver**"), without security, of:
  - a) all current and future property, assets and undertaking of 72 James Investments Inc., including but not limited to the real property municipally known as 72-76 James Street North, Hamilton, Ontario (the "**Real Property**"); and
  - b) the right, title and interest in the Real Property of the two beneficial owners of the Real Property, being Clifton Blake Partners LP ("**Clifton**") and Forge & Foster Holdings Inc. ("**F&F**") (collectively, with the Bankrupt, the "**Debtors**").
3. The Receiver, with the approval of the Court, sold the Real Property, which resulted in a surplus of approximately \$235,000 (the "**Surplus**"), after paying the secured creditor in full and the costs of the receivership. A full description of the receivership administration is provided in the Receiver's Third Report, dated August 30, 2024, which is attached as Appendix "A" (without appendices).
4. On October 16, 2024, KSV in its capacity as Receiver, and as authorized by the Court on October 7, 2024, filed an assignment in bankruptcy in respect of the Bankrupt, and KSV was appointed as Trustee of the Bankrupt's estate, subject to affirmation at the first meeting of creditors, to be held on November 6, 2024. The primary purpose of this bankruptcy is to distribute the Surplus to creditors.

## **1.1 Currency**

1. All references to currency in this Report are to Canadian dollars.

## **1.2 Restrictions**

1. The Trustee has not audited, or otherwise attempted to verify the accuracy or completeness of the financial information relied upon in this Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information.

## **2.0 Assets**

1. As of the date of this Report, the only known asset of the Bankrupt is the \$235,618 cash balance in the Receiver’s account.

## **3.0 Creditors**

1. Based on information provided by the Bankrupt, as at the date of the Receivership Order, the Bankrupt’s unsecured obligations totalled approximately \$323,000, of which approximately \$207,000 is reflected as owing to Forge & Foster Partners Inc., a party related to the Bankrupt.
2. Based on an HST audit recently performed by Canada Revenue Agency (the “**CRA**”), CRA assessed the Bankrupt in the amount of \$35,491 for HST obligations, relating to the period from April 1 to September 30, 2023.
3. Through its dealings with the Bankrupt during the receivership period, KSV identified that the books and records of the Bankrupt were not kept current. As such, the Trustee cannot determine the population of creditors and the amount owing to them without conducting a claims process.

### **3.1 Property of the Bankrupt Not Divisible Amongst Creditors**

1. The Trustee is not aware of any property that would not be divisible among the Bankrupt’s creditors by virtue of Section 67(1) of the BIA or otherwise.

## **4.0 Books and Records**

1. During the receivership, KSV, as Receiver, made repeated efforts to obtain the Debtor’s books and records to the date of the Receivership Order. The books and records provided by the Debtors were incomplete and, as noted, were not kept current. As of the date of this Report, the Trustee continues to try to obtain records that will assist it to complete its administration of these proceedings. KSV has maintained accounting records for the period since the Receivership Order

## 5.0 Preferences and Transfers Undervalue

1. As part of its statutory duties, the Trustee intends to conduct a review for preferences and transfers at undervalue by reviewing the Bankrupt's bank statements and, if obtained, the accounting records for the year preceding the date of the initial bankruptcy event, being October 16, 2024. As KSV was the receiver of the Debtors since the date of the Receivership Order, the Trustee will review transactions for the period October 17, 2023 to February 25, 2024. The Trustee's ability to complete this review is subject to receiving the applicable records. The Trustee will provide an update in this regard at the first meeting of creditors.

## 6.0 Anticipated Realization and Projected Distribution

1. No claims have been filed as of the date of this Report, therefore the Trustee does not have an estimate of what the dividend rate to creditors will be.

## 7.0 Other Matters

1. There are no other matters to discuss at this time.

\* \* \*

DATED at Toronto, Ontario, this 5th day of November, 2024.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
SOLELY IN ITS CAPACITY AS  
LICENSED INSOLVENCY TRUSTEE OF  
72 JAMES INVESTMENTS INC., AND NOT IN ITS PERSONAL  
OR IN ANY OTHER CAPACITY**

## **Appendix “A”**



**Third Report to Court of  
KSV Restructuring Inc. as  
Receiver and Manager  
of 72 James Investments Inc.,  
Forge & Foster Holdings Inc. and  
Clifton Blake Partners LP**

August 30, 2024

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COURT FILE NO.: CV-24-00714866-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

BETWEEN:

FORGESTONE MORTGAGE FUND LP

Applicant

- and -

72 JAMES INVESTMENTS INC., FORGE & FOSTER HOLDINGS INC. and  
CLIFTON BLAKE PARTNERS LP

Respondents

THIRD REPORT OF KSV RESTRUCTURING INC.  
AS RECEIVER AND MANAGER

AUGUST 30, 2024

## 1.0 Introduction

1. On February 26, 2024, the Ontario Superior Court of Justice (the “**Court**”) issued an order (the “**Receivership Order**”) appointing KSV Restructuring Inc. (“**KSV**”) as the receiver and manager (the “**Receiver**”), without security, of:
  - a) all current and future property, assets and undertaking of 72 James Investment Inc. (the “**Debtor**”), including but not limited to the real property municipally known as 72-76 James Street North, Hamilton, Ontario (the “**Real Property**”); and
  - b) the right, title and interest in the Real Property of the two beneficial owners of the Real Property (the “**Beneficial Owners**”), being Clifton Blake Partners LP and Forge & Foster Holdings Inc. (“**F&F**”).
2. The Real Property is a 32-unit multi-residential property, with 29 residential units and three commercial units.
3. The principal focus of the receivership proceeding was to continue a sale process (the “**Sale Process**”) for the Real Property that was commenced by the Debtor prior to the date of the Receivership Order. Prior to that time, the Debtor had retained Colliers Macaulay Nicolls Inc. (“**Colliers**”), a national real estate brokerage, to list and market the Real Property for sale. Following its appointment, the Receiver continued Colliers’ engagement to carry out the Sale Process.

4. Pursuant to an order made on May 2, 2024 (the “**Approval and Vesting Order**”), the Court approved the sale of the Real Property to 1000870452 Ontario Inc. (the “**Transaction**”). The Transaction closed on May 21, 2024. The Transaction generated a surplus of approximately \$250,000 after fully repaying the senior mortgagee, Forgestone Mortgage Fund LP (“**Forgestone**”), and before payment of additional receivership costs and professional fees, including the fees and costs of this motion (the “**Surplus**”).
5. At the sale approval motion heard by the Court on May 2, 2024, the Court also approved the discharge of the Receiver, subject to the Receiver filing a discharge certificate confirming that all matters in the receivership proceedings had been completed, including closing the Transaction. At that time, it was not clear to the Receiver whether there would be monies available for distribution to creditors. As it is now evident that there will be a Surplus (although small), the Receiver believes it is appropriate to deal with the Surplus as described in Section 2 below.

## 1.1 Purposes of this Report

1. The purposes of this report (the “**Third Report**”) are to:
  - a) provide background information about these proceedings;
  - b) discuss the recommended next steps in these proceedings, including that the Receiver be authorized by the Court to cause the Debtor to file an assignment in bankruptcy (the “**Assignment**”) and authorizing KSV to act as licensed insolvency trustee in that proceeding (in such capacity, the “**Trustee**”); and
  - c) recommend that the Court issue an order:
    - i. authorizing and directing the Receiver to file the Assignment;
    - ii. authorizing KSV to act as the Trustee;
    - iii. approving the fees and disbursements of the Receiver and Paliare Roland Rosenberg Rothstein LLP (“**Paliare Roland**”), the Receiver’s legal counsel; and
    - iv. approving this Third Report and the Receiver’s conduct and activities described herein.

## 1.2 Restrictions

1. In preparing this Third Report, the Receiver has relied upon information provided by the Debtor, Forgestone, Colliers and Markland Property Management Inc., the property manager retained by the Receiver in these proceedings.
2. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.



## 2.0 Status of these Proceedings

1. The affidavit of Stefan Simonyi, the President of mortgage investments for Forgestone, sworn in support of Forgestone's application for the appointment of the Receiver, provides, *inter alia*, a summary of the events that led to the commencement of these proceedings (the "Affidavit"). A copy of the Affidavit is provided in Appendix "A", without attachments. Background information concerning these proceedings is also provided in the First Report of the Receiver dated February 28, 2024, a copy of which is provided in Appendix "B", without attachments. A detailed discussion of the events leading to these proceedings can be found in those documents, and accordingly, that discussion is not repeated in this Third Report.
2. As a result of the Transaction, the Surplus is available for distribution to creditors ranking subordinate to Forgestone.
3. Based on information provided by the Debtor, as at the date of the Receivership Order, the Debtor's unsecured obligations totalled approximately \$323,000, of which approximately \$207,000 is reflected as owing to F&F. Additionally, based on an HST audit recently performed by Canada Revenue Agency (the "CRA"), CRA issued an assessment reflecting that the Debtor owes HST in the amount of \$35,491 for the period April 1, 2023 to September 30, 2023.
4. A claims process was not conducted during the receivership given the uncertainty as to whether the selling price of the Real Property would be sufficient to fully repay Forgestone.
5. Through its dealings with the Debtor, the Receiver identified that the books and records of the Debtor have not been kept current. As such, the Receiver cannot determine the population of creditors and the amounts owing to them without conducting a claims process.
6. The Receiver is recommending it be authorized to bankrupt the Debtor as a bankruptcy provides an efficient and prescribed basis on which to notify creditors and claimants, determine their claims, and make distributions. Accordingly, the Receiver believes that authorizing it to file the Assignment is appropriate in the circumstances and more cost-effective than having the Receiver develop, draft and carry-out a claims process in the receivership.
7. Given KSV's familiarity with the Debtor and its business, KSV is of the view that it is also efficient and cost-effective for it to act as Trustee. This will allow the claims process to launch shortly following the commencement of the bankruptcy and will eliminate delays associated with bringing a new trustee up to speed.

## 3.0 Professional Fees

1. The fees and disbursements of the Receiver and its counsel for the period ending April 19, 2024 were approved at the sale approval motion on May 2, 2024.
2. Pursuant to paragraph 20 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Receivership Order. Pursuant to paragraph 21 of the Receivership Order, the Receiver and its counsel shall pass their accounts from time to time.

3. The Receiver is seeking to have its fees and disbursements, including those of its legal counsel, approved by the Court, for the period April 20 to July 31, 2024. The Receiver and its counsel have maintained detailed records of their professional time and costs.
4. The total fees for the Receiver from April 20 to July 31, 2024 are \$45,061.75, plus disbursements of \$25.30 and HST of \$5,861.31. The time spent by the Receiver is more particularly described in the affidavit of Robert Kofman, which is provided in Appendix "C".
5. The total fees for Paliare Roland from April 20 to July 31, 2024 are \$14,170, plus disbursements of \$490 and HST of \$1,890.49. The time spent by Paliare Roland is more particularly described in the affidavit of Alexciya Blair, which is provided in Appendix "D".
6. It is the Receiver's opinion that the fees and disbursements of the Receiver and Paliare Roland accurately reflect the work done by the Receiver and Paliare Roland in connection with the receivership for the dates of their invoices.
7. It is also the Receiver's opinion that the fees and disbursements of Paliare Roland are fair and reasonable and justified in the circumstances. The Receiver is of the view that Paliare Roland's hourly rates are consistent with the rates charged by other law firms practicing in the area of insolvency in the Toronto market. The Receiver recommends approval of Paliare Roland's accounts by this Court.

#### 4.0 Conclusion

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in section 1.1(1)(c) of this Third Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
SOLELY IN ITS CAPACITY AS  
RECEIVER AND MANAGER OF  
72 JAMES INVESTMENTS INC., FORGE & FOSTER HOLDINGS INC.,  
AND CLIFTON BLAKE PARTNERS LP AND NOT IN ITS PERSONAL  
OR IN ANY OTHER CAPACITY**