



June 11, 2024

**Fourth Report of
KSV Restructuring Inc.
as CCAA Monitor of
Balboa Inc., DSPLN Inc., Happy
Gilmore Inc., Interlude Inc.,
Multiville Inc., The Pink Flamingo
Inc., Hometown Housing Inc., The
Mulligan Inc., Horses In The Back
Inc., Neat Nests Inc., and Joint
Captain Real Estate Inc.**

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Court File No. CV-24-00713245-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF BALBOA INC., DSPLN INC., HAPPY GILMORE INC.,
INTERLUDE INC., MULTIVILLE INC., THE PINK FLAMINGO INC.,
HOMETOWN HOUSING INC., THE MULLIGAN INC., HORSES IN THE BACK
INC., NEAT NESTS INC., AND JOINT CAPTAIN REAL ESTATE INC.**

FOURTH REPORT OF KSV RESTRUCTURING INC.

JUNE 11, 2024

1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made on January 23, 2024 (the "**Initial Order**"), Balboa Inc. ("**Balboa**"), DSPLN Inc. ("**DSPLN**"), Happy Gilmore Inc. ("**Happy Gilmore**"), Interlude Inc. ("**Interlude**"), Multiville Inc. ("**Multiville**"), The Pink Flamingo Inc. ("**Pink Flamingo**"), Hometown Housing Inc. ("**Hometown Housing**"), The Mulligan Inc. ("**Mulligan**"), Horses in the Back Inc. ("**Horses**"), Neat Nests Inc. ("**Neat Nests**") and Joint Captain Real Estate Inc. ("**Joint Captain**") (collectively, the "**Applicants**" and each an "**Applicant**") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and KSV Restructuring Inc. ("**KSV**") was appointed monitor of the Applicants (in such capacity, the "**Monitor**").¹
2. The Applicants, together with certain non-Applicant related entities, including SIDRWC Inc. o/a SID Developments ("**SID Developments**"), SID Management Inc. ("**SID Management**") and 2707793 Ontario Inc. o/a SID Renos ("**SID Renos**"), are part of a group of companies that run the business of specializing in the acquisition, renovation and leasing of distressed residential real estate in tertiary markets throughout Ontario (the "**Business**").
3. The Applicants are controlled by various individuals, namely, Robert Clark ("**Mr. Clark**"), Aruba Butt ("**Ms. Butt**"), Ryan Molony ("**Mr. Molony**"), Dylan Suitor ("**Mr. Suitor**"), Sam Drage ("**Mr. Drage**") and Bronwyn Bullen ("**Ms. Bullen**") (collectively, the "**Principals**"), who also own or control additional non-Applicant corporations.

¹ Brief of Transcripts and other Documents to the Fourth Report of the Monitor, dated June 11, 2024 ("**Transcript/Document Brief**"), Tab 6.

4. The Applicants own 407 properties which were acquired and, in some cases, renovated using funds raised from first and second mortgagees (collectively, the “**Secured Lenders**”) and unsecured promissory noteholders (the “**Unsecured Lenders**”) (collectively the Secured Lenders and Unsecured Lenders are referred to as the “**Investors**”), who are owed approximately \$81.5 million, \$8.6 million and \$54.2 million,² respectively, plus interest and costs which continue to accrue. A significant portion of the Investors are individuals.
5. Following the issuance of the Initial Order, the Applicants and their counsel consented to an order empowering the Monitor and its counsel, Cassels Brock & Blackwell LLP (“**Cassels**”), to conduct an investigation into, among other things, the Applicants’ use of borrowed funds, pre-filing transactions conducted by the Applicants and/or the Principals and affiliates, and such other matters as may be requested by representatives of the Secured Lenders and agreed and determined relevant by the Monitor (the “**Investigation**”). The Investigation and this report (the “**Report**”) were undertaken in accordance with paragraph 32(k) of the Amended and Restated Initial Order of the Honourable Justice Kimmel dated February 15, 2024, later amended as paragraph 41(k) of the Second Amended and Restated Initial Order of the Honourable Justice Kimmel dated March 28, 2024 (the “**Second ARIO**”).³ That paragraph directs and empowers the Monitor and its counsel as follows:
 41. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (k) (i) conduct an investigation into the use of funds borrowed by the Applicants, pre-filing transactions conducted by the Applicants and/or their principals and affiliates, and such other matters as may be requested by the Secured Lender Representatives and agreed by the Monitor, in each case, to the extent such investigation relates to the Property, the Business or such other matters as may be relevant to the proceedings herein as determined by the Monitor, and (ii) report to the Secured Lender Representatives, the Unsecured Lender Representatives and the Court on the findings of such investigation as the monitor deems necessary and appropriate [...]
6. Accordingly, the Monitor has undertaken an extensive Investigation that involved the review of thousands of documents produced by the Applicants, Investors, the Principals and others, conducting interviews under oath of the Principals and other interested parties and analyzing bank statements, credit card statements and financial data from incomplete books and records.
7. A glossary of notable individuals and corporate entities is appended to this Report at **Appendix 3**.

² The Applicants have asserted that the amounts owed to unsecured promissory noteholders is significantly less than the \$54.2 million set out in the Affidavit of Robby Clark sworn January 23, 2024. As of the date of this Report, a claims process has not been conducted.

³ Transcript/Document Brief, Tab 7.

2.0 Executive Summary of Key Findings

1. The Monitor has serious concerns regarding the following categories of transactions and/or business practices:
 - a. Questionable transfers from the Applicants to the Principals, affiliated entities and third parties without any apparent benefit to the Business;
 - b. Questionable dividend payments or repayment of amounts identified as “shareholder loans”;
 - c. A pervasive lack of proper record keeping, particularly for a business with assets and liabilities with a book value in the hundreds of millions of dollars; and
 - d. Deficient business practices.

2.1 Transfers to the Principals, Affiliated Entities and Third Parties without any Rational Business Purpose

1. The Monitor identified numerous instances of borrowed funds transferred by the Applicants to either the Principals, or to non-Applicant corporations owned or controlled by one or more of the Principals. These transactions totalled millions of dollars and accelerated the Applicants’ liquidity crisis that resulted in these CCAA proceedings.
2. Of the millions of dollars of borrowed funds transferred by the Applicants to entities outside of the Applicant group, there was little or, in some cases, no justification proffered. It appears to the Monitor that the recurring transfers of the Applicants’ borrowed funds to the Principals, or corporations that they control or own, form a pattern of unjustifiable defalcation of funds lent to the Applicants by Investors.
3. In excess of \$1 million⁴ of the Applicants’ funds were used to directly pay for expenses that appear personal in nature. These expenses include jewellery, lavish travel expenses, including private jets and luxury villas/hotels, private chefs, payments at various nightclubs, payments to social media personalities and payments to other marketing companies with no apparent connection to the Applicants’ business. In certain cases, the Applicants made tenuous claims as to the business purposes of such expenses (for example, payments made in connection to networking opportunities, for marketing videos, or payments made on business dinners or business trips), while in other cases, the purchases were confirmed to be personal in nature.
4. The Monitor identified transfers totalling approximately \$7.4 million⁵ in net payments to non-Applicant corporations owned or controlled by the Principals, including but not limited to the following net payments:

⁴ This figure is obtained by adding the “Retail, Travel, and Meals & Entertainment” balance in the Statement of Receipts and Disbursements (Appendix 1 to this Report), and select amounts from “Other” Disbursements in the Statement of Receipts and Disbursements (Appendix 1 to this Report), including but not limited to transfers to ██████████ in respect of a private jet rental, transfers to ██████████ in respect of networking, and transfers to The Apex Agency marked as “Advertising/Promotion” in the general ledger.

⁵ See Appendix 2.

- a. \$2,758,602.90 to Mr. Suitor's corporation, Old Thing Back Inc.;
 - b. \$764,704.61 to Mr. Suitor's corporation, Prospect Real Estate Inc.;
 - c. \$601,000 to Mr. Clark's landscaping company, Lawn Care Alert;
 - d. \$464,394 to Ms. Butt's cleaning company, Paradisal Bliss Inc.;
 - e. \$150,000 to Mr. Suitor's corporation, Elev8 Inc.; and
 - f. \$138,043.62 to Mr. Suitor's corporation, Upgrade Housing Inc.
5. The Monitor also identified payments to SID Management and SID Renos that could not be adequately explained by the fee structure described in Mr. Clark's sworn affidavit dated January 23, 2024 (the "**First Clark Affidavit**").⁶ In total, and without accounting for the funds received directly by SID Management or SID Renos from the Applicants' rental income, the Monitor identified payments by the Applicants of \$663,669 to SID Management and \$1,808,120.76⁷ in net payments to SID Renos. In addition, the Monitor noted that SID Renos appears to receive "vendor rebates" from contractors, paid by the Applicants, further increasing the funds SID Renos received.
6. The Monitor identified additional direct payments by the Applicants to the Principals which the Principals asserted were reimbursements for business expenses incurred on the personal credit cards of the Principals. When the Applicants provided their credit card statements, certain expenses were redacted, and of the unredacted expenses, some appeared to be personal in nature and some appeared to be business expenses. For the most part, the Applicants have yet to identify which expenses they consider to be business expenses. The payments include:⁸
- a. \$959,434.81 to Mr. Clark through January 2024;⁹
 - b. \$2,658,136.51 to Ms. Butt through January 2024;¹⁰
 - c. \$459,551.07 to Mr. Molony through January 2024; and
 - d. \$628,667.99 to Mr. Suitor through January 2024, the majority of which appear to be payments to his AMEX or Scotiabank credit card.

⁶ The First Clark Affidavit can be found in the Applicants' Application Record dated January 24, 2024 ("**Application Record**"), which can be found on <https://www.ksvadvisory.com/experience/case/SID>.

⁷ See **Appendix 2**.

⁸ The below figures are sourced from **Appendix 2** to this Report.

⁹ Mr. Clark also appears to have transferred over \$163,000 into the Applicant companies through January 2024 (See **Appendix 2**).

¹⁰ Ms. Butt also appears to have transferred \$2,200 into the Applicant companies through January 2024 (See **Appendix 2**).

2.2 Dividend Payments or Repayment of Shareholder Loans

1. Through January 2024, \$991,681.36¹¹ of net payments by the Applicants to their shareholders were described by the Applicants in their general ledgers as “dividend payments” or “shareholder loans”.¹²
2. In the case of dividend payments, it does not appear that any corporate resolutions were passed approving these dividend payments, nor does it appear that the Applicants meaningfully considered their long-term solvency before dividends were paid. In the case of shareholder loans, there is limited evidence of the actual loans. In addition, the timing of repayment was concerning given the Applicants’ liquidity issues.
3. Collectively, the dividend and shareholder loan payments include:
 - a. a \$400,000 dividend paid by Joint Captain directly to Ms. Butt (who is the sole owner of One Happy Island Inc., a 50% shareholder of Joint Captain);
 - b. a \$400,000 dividend paid by Joint Captain to Sail Away Real Estate Inc. (a 50% shareholder of Joint Captain), which is wholly owned by Ms. Bullen and Mr. Drage; and
 - c. payments of \$215,850¹³ characterized as “shareholder loans” and “due to/from shareholders” in the Applicants’ general ledger, but which were made to individuals or accounts which the Monitor has been unable to identify (whether by request to the Applicants or otherwise). For example, a \$13,000 payment from Neat Nests to a still-unidentified account is included in this total.

2.3 Absence of Proper Record Keeping

1. The Applicants failed to maintain appropriate corporate or accounting records, including the failure to pass corporate resolutions, hold board meetings, maintain general ledgers, file tax returns or appropriately track what the Principals often characterized as inter-company loans. In that respect, tens of millions of dollars of receipts and disbursements were not recorded in the general ledgers and each of the Applicants failed to maintain a general ledger after 2022.
2. The Applicants’ failure to maintain up-to-date or proper financial records, including records of how the proceeds of the promissory note loans were spent, has limited the Monitor’s ability to gain complete visibility into the use of the Applicants’ funds.
3. The absence of proper accounting and record keeping resulted in an inability to track, understand and assess the extent of liability associated with and arising from mortgage loans and promissory note loans. The Monitor also notes it is possible that

¹¹ This figure is calculated by adding the two \$400,000 dividends from Joint Captain, plus amounts the Applicants classified as “due to shareholder loan” or “private loans: due to/from shareholders” in the general ledgers provided to the Monitor, minus (i) any amounts which the Applicants confirmed to be mislabeled and (ii) amounts in respect of which the Monitor could clearly identify the recipient as a specific “Related Party”, as listed in **Appendix 2** (to avoid double-counting).

¹² As the Applicants never provided General Ledgers for 2023, the Monitor does not have a full accounting of which transfers the Applicants may characterize as “shareholder loans” from January 1, 2023 onwards.

¹³ This figure is calculated by adding the amounts identified as being disbursed to “Related Party - Shareholder Loan” and “Related Party - Shareholders” in **Appendix 2**.

the Applicants' lack of proper record keeping and tracking practices may have led to inappropriate promissory note loan renewals. In at least one instance, the Monitor became aware that a promissory note loan that referenced the property located at 29 Hughes Street, Sault Ste. Marie, Ontario was renewed after that property had been sold. In another instance, the Monitor learned that two promissory note loans referencing a property located at 261 Kimberly Street in Timmins, Ontario were renewed after that property burned down. Additionally, the Applicants failed, were unable or did not have proper accounting records to ensure municipal taxes were paid on time (or at all) while signing loan agreements representing that there were no tax arrears.

4. The absence of proper records also leads to concerns of undocumented arrangements or transactions. For example, in the First Clark Affidavit supporting the Applicants' CCAA Application, Mr. Clark did not disclose his undocumented ownership interest in the Applicants and numerous other companies affiliated with the Applicants. However, during his interview, Mr. Clark explained that while there was no paperwork documenting his ownership interest, he had an ownership interest in each of the Applicants owned by Ms. Butt and Mr. Suitor and was the ultimate decision maker for the Applicants.

2.4 Questionable Business Practices

1. The Monitor has concerns about practices that exhibit, at best, an extreme lack of business acumen of the Principals.
2. The Monitor has serious concerns regarding the continued borrowing from Investors and transfers to Principals and affiliated entities when the solvency of the Applicants' business was highly questionable. The Applicants continued borrowing, in part to finance interest payments on prior debt obligations. As the Applicants' challenges servicing their debt became more apparent, at least as early as the "severe liquidity issues" of mid-2022, the Applicants continued to renew loans and increase leverage. Some earlier Investors were paid out, but that appears to have occurred out of necessity when certain Investors refused to extend their loans.¹⁴ Importantly, the Investors do not appear to have been apprised of the corporate structure of the Applicants, liquidity issues or more generally the solvency of the Applicants.
3. The Monitor also has concerns about the Applicants' pervasive practice of transferring borrowed funds amongst related companies without restricting the use of funds to the Applicant that borrowed them or the property in respect of which the funds were loaned. In this respect, the Applicants (and, in certain cases, non-Applicant related entities) effectively acted as a single business entity that used borrowed funds "as needed" without consideration as to which entity was the borrower. There appeared to be a fundamental misunderstanding of, and/or disregard for the importance of, treating each Applicant and affiliated/related company as separate and distinct corporate entities.
4. In total, the Monitor identified over \$12 million in transfers among the Applicants. The Investors appear not to have received any or adequate disclosure of this practice. Rather, the Investors appeared to believe that their funds would exclusively be used by the borrower, and more specifically, in relation to a particular property. Notably,

¹⁴ Transcript from the Interview of Aruba Butt, held April 26, 2024 ("**Butt Transcript**"), Transcript/Document Brief, Tab 2, Pg. 110 at Question 257.

the promissory notes issued by the Applicants each reference a specific property. However, the proceeds of such promissory note loans were not always used for the property referenced in the promissory note. The Investors holding first mortgages and promissory notes were not made aware of this practice nor did any of the loan documents examined contemplate such transfers.¹⁵ In these respects, the Investors appear to have been misled as to how the funds they were lending to the Applicants would be used.

5. In addition, the Monitor has concerns regarding the following issues that were discovered during the Investigation:
 - a. a lack of understanding of the implications of the fact that the Principals were listed as “guarantors” in the promissory note loans to Investors;
 - b. a failure to appreciate or take appropriate steps to mitigate a conflict of interest arising as a result of Mr. Drage and Ms. Bullen’s employment with the Windrose Group and familial relationship with Ms. Drage, who acted as the Applicants’ broker;
 - c. registering second mortgages on properties in instances where statutory declarations were signed providing that no second mortgages would be registered (in some cases, absent consent of the Investor);¹⁶ and
 - d. the execution of loan documents requiring that taxes be paid when in fact they had not and would not be paid.
6. In summary, it appears to the Monitor that the Principals diverted, misused or misappropriated funds that were borrowed from Investors by the Applicants. Funds were improperly used for personal benefits or extravagant expenses of the Principals without any discernable benefit to the Business. These questionable business practices continued even as the Applicants experienced liquidity issues which ultimately necessitated the commencement of these CCAA proceedings.

2.5 Monitor’s Financial Analysis

1. For the purpose of the Investigation and the funds tracing exercise, the Monitor prepared a statement of receipts and disbursements based on the Applicants’ bank statements for the period from 2019 through to the CCAA filing date (January 23, 2024) and general ledger information (to the extent available) through December 31, 2022 (the “**R&D Analysis**”). The R&D Analysis is provided in **Appendix 1** to this Report. A summary of the R&D Analysis is provided in the table below:

¹⁵ Certain syndicated second mortgage documents (e.g., those with Lift Capital Incorporated) showed lending to multiple Applicants (and in at least one instance, non-Applicants) as joint borrowers, but did not contemplate the funds being transferred to anyone *other than* the joint borrowers.

¹⁶ The Properties where this practice occurred include, but are not necessarily limited to the following addresses: 403 Lloyd Street, Sudbury, Ontario; 162 Spadina Avenue, Sault Ste. Marie, Ontario; and 485 Pine Street S, Timmins, Ontario.

(unaudited; \$000s)	Amount
Receipts	
Lender funding/Proceeds from Core sale	40,024
Intercompany	12,361
Rental Income	8,197
Related Party	6,861
Other	2,147
Subtotal	<u>69,590</u>
Disbursements	
Debt service	24,690
Related party	20,288
Intercompany	12,344
Utilities, renovations and repairs and maintenance	3,619
Credit Card payments	3,483
Other	2,262
Insurance	1,615
Professional Fees	756
Retail, Travel and Meals and Entertainment	679
Subtotal	<u>69,736</u>

2. One of the most significant findings of the Investigation was the large amount of net disbursements to related parties. The Monitor's summary analysis of the related party receipts and transfers (the "**Related Party Transfer Analysis**") is provided in **Appendix 2** and is also summarized in the table below:¹⁷

(unaudited \$000s)	Net Amount Received/(Disbursed)
Individuals	
Ms. Butt	(2,656)
Dividends/shareholder loans or other payments to shareholders	(992)
Mr. Clark	(795)
Mr. Suitor	(629)
Mr. Molony	(459)
Other	(458)
Subtotal	<u>(5,989)</u>
Related Corporations	
Old Things Back	(2,759)
SID Renos	(1,808)
Prospect Real Estate	(765)
SID Management	(664)
Lawn Care Alert	(601)
One Happy Island	(483)
Paradisaal Bliss	(464)
Other	107
Subtotal	<u>(7,437)</u>
Total Net Amounts Received by Related Parties	<u>(13,427)</u>

¹⁷ This analysis excludes (i) funds received from SID Management (as these amounts are assumed to be rent) and (ii) amounts paid by the Applicants to credit cards held by the Principals.

3. As noted above, detailed versions of the R&D Analysis and the Related Party Transfer Analysis, along with the Monitor's underlying assumptions and other notes, are provided in **Appendix 1** and **Appendix 2**, respectively.

3.0 Restrictions

1. In preparing this Report, the Monitor has reviewed and considered the following information:
 - a. materials previously filed by the Applicants with the Court (collectively, the "**Court Materials**");
 - b. letters received from the Applicants' counsel and labeled "confidential" responding to the Monitor's information requests and queries;¹⁸
 - c. documentation provided by the Applicants' counsel including, without limitation:
 - i. Credit Card Statements of the Applicants;
 - ii. Bank Statements of the Applicants;
 - iii. General Ledgers of the Applicants;
 - iv. Personal Credit Card Statements of the Principals;
 - v. Parcel registers and related transfer documents in respect of the Applicants' current and previously-owned properties;
 - d. information provided by financial institutions at which the Applicants maintain bank accounts;
 - e. interviews under oath of Mr. Clark (April 25), Ms. Butt (April 26), Mr. Molony (May 1), Mr. Suitor (May 6) and Claire Drage ("**Ms. Drage**") (May 8),¹⁹ and
 - f. preliminary materials filed in the receivership proceedings of The Lion's Share Group Inc. ("**Lion's Share**") bearing Court File No. BK-24-03056681-0032; Estate No. 32-3056681.
2. Other than the interview of Ms. Drage, the Monitor has performed limited investigative activities concerning Lion's Share and related parties as it was outside the scope of the Investigation.

¹⁸ In accordance with its obligations under paragraph 44 of the Second ARIO, the Monitor has redacted from the public version of this Report any information that was sourced exclusively from the confidential letters provided by the Applicants' counsel and/or from the interviews conducted by the Monitor's counsel. The Monitor intends to seek the Court's direction concerning the public release of the unredacted version of this Report.

¹⁹ Redacted copies of the transcripts from the interviews of Mr. Clark, Ms. Butt, Mr. Molony, Mr. Suitor, and Ms. Drage can be found at Transcript/Document Brief, Tabs 1-5.

3. KSV has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on 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, KSV 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 diligence.
4. The Applicants’ record keeping, discussed in detail in the Report, warrants separate consideration as not only a restriction, but a general issue inherent in the Applicants’ business practices. In particular, the Applicants’ failure to maintain up-to-date or proper financial records has resulted in significant additional professional resources being expended to conduct the Investigation. The Principals’ lack of record keeping (or failure to provide the Monitor with adequate records) has limited the Monitor’s ability to gain complete visibility into the use of the Applicants’ funds and the extent to which such funds may have been diverted.
5. To a similar end, the financial records produced only disclose a fraction of the Applicants’ receipts and disbursements. For example, certain amounts advanced by the Investors and amounts in respect of property purchases were paid directly to the Windrose Group (defined herein) or Lion’s Share and/or the Applicants’ real estate lawyers. The Monitor has determined that it would be cost-prohibitive and take an excessive amount of time to trace the funds that did not pass through the Applicants’ bank accounts in advance of issuing the Report. Accordingly, the Monitor makes no findings in respect of those unknown transactions or funds that did not flow through the Applicants’ bank accounts.
6. Since its appointment, the Monitor and/or its counsel made numerous requests for information or documentation from the Applicants. While some of these requests were answered, the Applicants have failed to provide all of the information requested in a timely manner.²⁰ The Monitor also requested that the Principals provide answers to all outstanding requests arising from their interviews by May 24, 2024.²¹ This Report accounts for all responses received by the date of this Report, including numerous documents that the Monitor received from the Applicants’ counsel on May 28, 2024.
7. Notably, there were no Interlude bank statements provided prior to October 2021 (despite their general ledger showing data for January-September 2021). Accordingly, for that period, Interlude transactions were based on the general ledger. For the most part, the Monitor was able to trace the Applicants’ other transactions to bank statements, which the Monitor considers the best evidence of the Applicants’ financial transactions.
8. Given that certain information requests remain outstanding, the Monitor and its counsel acknowledge that certain portions of this Report could be subject to revision if further relevant information or documents are provided.

²⁰ A chart containing all outstanding responses is contained in Transcript/Document Brief, Tab 34A.

²¹ Communication concerning the outstanding requests is contained in Transcript/Document Brief, Tabs 350-35AA.

9. The Monitor and Cassels have not discussed or corresponded with the Applicants, any Investors, and/or those parties' legal counsel regarding the findings in this Report; however, the subject matter of the Investigation was at times informed by specific requests made by the Investors, as contemplated by paragraph 41(k) of the Second ARIO.

4.0 The Applicants and their Business Operations

4.1 Corporate Structure

1. The Applicants are each Canadian privately held companies with their registered head office at 394 Appleby Line in Burlington, Ontario (the "**Burlington Office**") or, in the case of Mr. Suitor's Applicant companies, [REDACTED]. A summary of legal information regarding each of the Applicants, including their incorporation date, directors and officers is provided in **Appendix 3**.²²
2. Until recently, the Burlington Office was owned by Paradisal Bliss, a cleaning company owned by Ms. Butt. The Monitor was recently advised that the Burlington Office was sold. As described in section 5.7 below, many of the Applicants paid rent to Paradisal Bliss to use the Burlington Office (notwithstanding that, save for Mulligan, the Applicants have no employees).
3. In addition to the information provided in **Appendix 3**, the Monitor discovered that Mr. Clark has an undocumented ownership interest in the Applicants. Mr. Clark obtained an ownership interest in the Applicants "mainly through [his] wife" (i.e., Ms. Butt), but also through the Applicants not owned by Ms. Butt.²³ Mr. Clark also considers himself to be a 50% owner of 2657677 Ontario Inc. ("**265**") (and the Applicant corporations owned by 265) by way of a 'mutual understanding' or 'handshake deal' with Mr. Suitor. During his interview, Mr. Suitor confirmed the existence of this handshake deal and further stated that Mr. Clark's interest in 265 remained undocumented on account of a past dispute between Mr. Clark and his brother where his brother sued for part ownership of a company.²⁴ During the Investigation, the Monitor discovered no evidence indicating Mr. Clark's interest in the Applicants was disclosed to Investors.
4. In addition to his undocumented interest in the Applicants, Mr. Clark is the owner of SID Developments and SID Management, while his wife, Ms. Butt, is the owner of SID Renos (collectively, the "**SID Companies**").

4.2 The SID Companies' Role in the Business

1. SID Management is a property management company of which Mr. Clark is the sole director and officer. SID Management provides property management services to the Applicants, including collecting rent, leasing rental units, addressing tenant issues and coordinating the performance of repairs and maintenance on the properties (the "**Management Services**").

²² *Exhibit "A"* of the First Clark Affidavit includes Corporate Profile Reports for the Applicant companies.

²³ Transcript from the Interview of Robert Clark, held April 25, 2024 ("**Clark Transcript**"), Transcript/Document Brief, Tab 1, Pgs. 6-7 at Questions 9-14.

²⁴ Transcript from the Interview of Dylan Suitor, held May 6, 2024 ("**Suitor Transcript**"), Transcript/Document Brief, Tab 4, Pgs. 13-14 at Questions 29-32.

2. Pursuant to Management Agreements marked as **Exhibit “B”** to the First Clark Affidavit, SID Management charges the Applicants fees for the Management Services that include:
 - a. collecting monthly rent from the Applicants’ tenants, for which SID Management is entitled to a fee equal to 7.5% of the aggregate amount of rent collected, plus harmonized sales taxes (the “**Property Management Fees**”);
 - b. leasing the Applicants’ vacant rental units to new tenants, for which SID Management is entitled to a fee equal to 50% of the first month’s rent, plus harmonized sales taxes (the “**Tenancy Management Fees**”);
 - c. addressing all disputes as between the Applicants and their tenants and any necessary evictions or other proceedings before the Landlord and Tenant Board, for which SID Management is entitled to a fee comprised of \$200.00 per filing, plus harmonized sales taxes, \$500.00, plus harmonized sales taxes for paralegal services and a sheriff fee, plus 10% per lockout (collectively, the “**LTB Services Fees**”); and
 - d. performing and, where necessary, coordinating the performance of all maintenance required by the Applicants or requested by the Applicants’ tenants, for which SID Management charges a fixed rate of \$40 per hour and a fee equal to 7.5% of work for which a sub-contractor is required, in each case, plus harmonized sales taxes.²⁵
3. SID Management collects rent directly from the Applicants’ tenants, from which it deducts its Property Management Fees and Tenancy Management Fees. SID Management is intended to remit the balance of rent collected to the applicable Applicant.
4. The Monitor has been unable to ascertain the total amount of rent collected by SID Management, and whether and to what extent (and for what reasons) rent may not have been remitted to the Applicants. The Monitor requested that the Applicants provide SID Management’s monthly statements with information demonstrating the amount it has received from the Applicants’ tenants (in the aggregate), what their fees are and what the difference is that gets remitted to the Applicants, but has not received same as of the date of this Report. Based on the limited relevant documents available in early 2024 (as detailed below), it appears that there were significant deductions taken by SID Management on account of expenses the Applicants state were incurred on their behalf.
5. By way of example, in January 2024, SID Management collected \$155,990.89 on behalf of Interlude in rent from Interlude’s tenants. A summary of the deductions taken by SID Management prior to remitting any funds to the Applicants is provided below:

²⁵ First Clark Affidavit at para 46(a)-(d).

Total paid:	155,990.89
Deductions:	
Management Fee on Total lease 7.5%	12,085.25
New Rental Fee (50% First Month's Rent)	
403 Lloyd	950.00
454 Eva Unit 2	650.00
464 Eva Unit 2	475.00
176 Monthomery Back	1,000.00
Maintenance Cost	2,576.25
HST [712000082RT0001] 13.00%	2,305.75
Total Management, Maintenance & New Rental Fee:	20,042.25
Expenses Covered by SID Management:	
276-280 Mountjoy L1, court	791.00
40 Crescent L1, court	791.00
49 Dale Unit B L1	226.00
76 Prospect Unit 11 L1, Court	791.00
Insurance	39,761.93
Contractors	31,693.52
Telelink	578.52
Retainers	13,125.00
Overdraft	10,710.23
Total Deductions:	118,510.45
Total owed to you:	37,480.44

6. The January 2024 Interlude rent chart above provides a summary of rental income minus deductions. Despite owning approximately 108 properties and collecting nearly \$156,000 in monthly rent, Interlude was left with less than \$37,500 to cover interest payments and other costs.²⁶
7. The financial statements of various Applicants, such as Interlude, demonstrate that individual Applicants faced a heavy burden in covering their debt service costs. The Monitor notes that the high interest rates, ranging from 8% to 19%²⁷ on the debt obligations recorded in the Applicants' financial statements, significant insurance costs, contractor and property management fees payable to SID Management brings into doubt the viability of the Applicants' business, and their ability to repay Investors.
8. The Monitor notes (for illustrative purposes, while acknowledging that interest expenses could differ significantly in January 2024) that Interlude's interest expenses in 2022 exceeded \$1.7 million (approximately \$142,000/month) leaving a shortfall of over \$100,000/month.²⁸
9. SID Renos, of which Ms. Butt is the sole director and owner²⁹ and of which Mr. Molony is the President, manages the renovation and construction of the Applicants' properties. SID Renos is "responsible for contacting, approving and overseeing all of the third-party contractors, trades and service providers required to complete the Applicant's unrenovated properties."³⁰

²⁶ Transcript/Document Brief, Tab 4E.

²⁷ First Clark Affidavit at paras 73(c), 80(c) and 92(c).

²⁸ First Clark Affidavit at *Exhibit "D"*.

²⁹ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 8 at Question 16.

³⁰ First Clark Affidavit at para 49.

10. According to Mr. Clark, as the Applicants' 'exclusive construction manager', SID Renos is entitled to a monthly fee of \$1,000 per Property, which fee is prorated for the number of days SID Renos is onsite (the "**Construction Management Fees**").³¹ Despite this explanation, according to Mr. Molony, SID Renos charged Construction Management Fees when contractors or vendors it hired were onsite, even when no SID Renos personnel were actually present.³² Further, Ms. Butt, the owner of SID Renos, stated that, aside from potentially visiting a couple of properties in St. Catharines "back in the day", she had never been to the Applicants' properties.³³
11. According to the First Clark Affidavit, in June 2022, in an effort to assist the Applicants' severe liquidity issues, SID Management and SID Renos temporarily ceased charging the LTB Fees and the Construction Management Fees.³⁴ It remains unclear if these fees were actually "ceased" or whether they were simply accruing as further Applicant debt.
12. SID Renos uses standard form contracts with various trades and/or contractors (the "**Trade Contracts**").³⁵ The engagement of the contractor is by not only SID Renos, but also "*ALL RELATED AFFILIATES (CORPS) having its principal address at 394 Appleby Line, Burlington, ON L7L 2X8*" (i.e., the Burlington Office). This is relevant to certain vendor rebates, discussed below.
13. The Trade Contracts contain numerous provisions, in particular section 4 respecting the payment schedule, which includes provisions surrounding Vendor Rebates. The Payment Schedule and Vendor Rebates, which make up the VTB Amount (defined below), are described below:

4. Fees & Payment Schedule

- a. In consideration of the provision of the Services by the Contractor, Company agrees to pay Contractor the fees ("**Fees**") specified below in accordance with the following schedule ("**Payment Schedule**").
 - b. Notwithstanding anything to the contrary, the Contractor shall provide the Company with a 10% Vendor Rebate on all jobs, on the total Fees for all of the Services, as a ("**VTB Amount**"), which the Company will invoice to the contractor upon completion of the job. The Company, in its sole discretion, may recoup the VTB Amount by either (I) requiring the Contractor to repay the VTB Amount to the Company; or (II) setting-off the VTB Amount against the Fees payable to the Contractor.
14. While the Applicants paid Fees to third-party contractors, the Monitor found that SID Renos would generally receive payment of the VTB Amount as a further "fee" incremental to the fees disclosed in the First Clark Affidavit. The payment of the VTB Amount was not disclosed in the First Clark Affidavit. It is unclear why SID Renos would be entitled to receive the VTB Amount given that the Applicants were paying

³¹ First Clark Affidavit at para 49.

³² Transcript from the Interview of Ryan Molony, held May 1, 2024 ("**Molony Transcript**"), Transcript/Document Brief, Tab 3, Pgs. 92-94 at Questions 357-364.

³³ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 87 at Questions 202-203.

³⁴ First Clark Affidavit at para 50.

³⁵ Transcript/Document Brief, Tab 3B.

the contractors, and the Monitor questions whether the VTB should have been returned to the Applicants (who were parties to the Trade Contracts).

15. Given the Applicants’ ongoing failure to provide its bank statements in response to the Monitor’s requests, the extent of the Applicants’ funds received by SID Renos is not fully known. Further, during the Investigation interviews, the Monitor requested documentation in relation to SID Renos’ business, including general ledgers, tax returns, financial statements and an explanation as to whether payments made by the Applicants to SID Renos in excess of \$1,000 were in relation VTB Amount payments. In response, the Principals confirmed that SID Renos had no general ledgers, financial statements and have never filed tax returns. Additionally, no response was provided to the Monitor’s request to particularize the payments above \$1,000. Accordingly, the Monitor questions the propriety of these payments. In addition, the Monitor reached out to contractors to discuss the VTB Amounts, but these contractors refused to speak to the Monitor as they were concerned about being sued by the Applicants as a result of Trade Contracts containing non-disclosure agreements. The Monitor finds the presence of non-disclosure terms to be, in its experience, unusual.

4.3 The Applicants’ Properties and Current State of Same

1. As of December 31, 2023, the Applicants owned 405 residential properties, in addition to Mulligan’s golf course (collectively, the “**Properties**” and each, a “**Property**”) as outlined in the chart below:³⁶

Applicant	Number of Owned Properties
Balboa Inc.	35
DSPLN Inc.	102
Happy Gilmore Inc.	81
Interlude Inc.	107
Multiville Inc.	25
The Pink Flamingo Inc.	18
Hometown Housing Inc.	3
The Mulligan Inc.	1
Horses In The Back Inc.	1
Neat Nests Inc.	1
Joint Captain Real Estate Inc.	32
Total	406

2. The Properties are the most significant of the Applicants’ known assets.

³⁶ First Clark Affidavit at para 52. The Monitor notes that an additional property was discovered after the Applicants filed for CCAA protection, being a property owned by Interlude. Accordingly, as of the date of this Report, the Monitor understands that Interlude owns 108 properties, bringing the total property count to 407.

3. At the time of the First Clark Affidavit, approximately 424 of the 631 units were tenanted generating approximately \$500,000 in gross monthly rent.³⁷ Despite the Applicants stating that SID Renos continuously performed renovation and construction services for the Applicants, a significant number of the Applicants' Properties remain uninhabitable as a result of damage and/or disrepair. The Monitor has discovered that numerous Properties are in such a dilapidated state that officials have alleged numerous building code violations and/or brought provincial offence charges against numerous Applicants.³⁸
4. During the course of the CCAA proceedings, the Applicants are projected to spend approximately \$4 million sourced from cash flow and debtor-in-possession financing to renovate certain of the Properties. As of the date of the Report, the Applicants are currently renting 456 of the 632 units and are producing an average of approximately \$564,000 in gross monthly rent collections.

4.4 Raising Funds, the Applicants' Debt, Windrose and the Lion's Share Group

1. The Applicants operate their business by buying, renovating, renting and refinancing properties (the "**BRRR model**"). Under the BRRR model, very little (if any) equity would be provided by the Principals, with "the vast majority" of funds being borrowed.³⁹ The Applicants' purchase, renovation and related costs were financed through: (i) first mortgage loans; (ii) second mortgage loans (some of which are syndicated and 'blanketed' across multiple properties); and (iii) unsecured promissory notes (collectively, the "**Debt**"). The Debt is predominantly held by hundreds of individual real estate Investors⁴⁰ who are in turn subdivided into two main groups, being the Secured Lenders and the Unsecured Lenders. Each of the Secured Lenders and Unsecured Lenders have court-appointed representative counsel in the CCAA proceedings.⁴¹
2. The Secured Lenders hold first or second mortgages registered on title of various Applicant Properties, whereas the Unsecured Lenders are owed money by the Applicants pursuant to executed promissory notes containing language that the relevant Principal was a "guarantor". By way of example, if DSPLN executed a promissory note, Ms. Butt would be listed as the "guarantor". Most, if not all, promissory notes reference a specific property address notwithstanding that these were unsecured obligations of the borrowing Applicant and not an obligation that would be secured by a charge on a specific property.

³⁷ First Clark Affidavit at para 51.

³⁸ Transcript/Document Brief, Tab 4J.

³⁹ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 56-57 at Question 175.

⁴⁰ Factum of the Applicants dated January 23, 2024 ("**Applicants' Factum**") at para 3. The Applicants' Factum can be found at <https://www.ksvadvisory.com/experience/case/SID>.

⁴¹ The Secured Lenders are represented by Chaitons LLP. The Unsecured Lenders are represented by Goldman Sloan Nash & Harber LLP.

3. During the Investigation, Ms. Butt, Mr. Molony and Mr. Suitor advised that they did not understand the significance of personal guarantees (in general) and, more specifically, the “guarantor” language embedded within the promissory notes. Ms. Butt seemed to suggest that she understood the “guarantor” language to mean that she was guaranteeing the loan on behalf of the borrowing Applicant, in this case DSPLN.

Q. Did you understand or not understand that you were giving a personal guarantee on a number of promissory notes?

A. I guess the way I understood it is that I was guaranteeing the entity that was signing for that prom note. So because those prom notes had addresses on them for -- let's say it is a property, as an example, under DSPLN. The property address is listed on each of those prom notes. Then the corporation that is the applicant is listed, as well. I would be signing off of them. I didn't really understand that that also to that deep extent meant that I am personally responsible. I just assumed because I am a director I am signing off on it.

Q. You thought you were just verifying the accuracy of the property, not that you were actually guaranteeing the payment of the loan?

A. Guaranteeing the loan on behalf of the entity, like DSPLN, because I am a director of DSPLN. But when it comes to me as Aruba Butt personally, nothing to do with DSPLN, like a personal guarantee, maybe I am not understanding the question correctly. I was guaranteeing on behalf of DSPLN, which is who the note would have been made out to.

Q. You were doing it on behalf of DSPLN, meaning DSPLN is going to pay?

A. Yes.

Q. Not Aruba Butt is going to pay?

A. Correct.⁴²

4. In contrast, Ms. Drage advised that the personal guarantees were explained to the borrowers as part of the “on-boarding” done by Ms. Drage’s business:

A. Also part of that initial on-boarding of the borrower was, you know, you are personally on the hook for these promissory note loans, so you know, if this specific, you know, property was not successful and there were no other resources in that corporation, we will pursue you personally. You couldn't just bank drop the company and walk away from that debt. It's also standard practice when someone is doing a commercial mortgage under a corporate entity that a personal guarantee is always offered as part of that process or required, I should say, not offered, required.⁴³

5. The Monitor also became aware during the Investigation that Mr. Molony, Ms. Butt, Mr. Suitor and Mr. Clark may be challenging the validity of the “guarantor” language in the promissory notes. The Monitor does not purport to opine on the validity of the ‘personal guarantees’ or the strength of the Principals’ arguments to this effect.

⁴² Butt Transcript, Pgs. 117-118, Transcript/Document Brief, Tab 2, at Questions 267-279.

⁴³ Transcript from the Interview of Claire Drage, held May 8, 2024 (“**Drage Transcript**”), Transcript/Document Brief, Tab 5, Pg. 108 at Question 254.

6. The first mortgage loans were all sourced by a Hamilton-based brokerage, the Windrose Group Inc. (“**Windrose**”), through its principal, Ms. Drage.⁴⁴ Windrose, through Ms. Drage, identified potential real estate investors interested in advancing first mortgage loans for each of the Properties at the Applicants’ request. Windrose received a fee for each of the first mortgage loans it arranged.⁴⁵ In his interview, Mr. Clark described that the Applicants had little direct communication with individual Investors and would primarily speak with Windrose.⁴⁶
7. The terms of the first mortgage loans are substantially similar.⁴⁷ As general and continuing security for the payment and performance of the Applicants’ indebtedness and obligations under the first mortgage loans, all or substantially all of the first mortgage lenders were granted a first mortgage/charge on the applicable Property and a general assignment of rents and leases in respect of the applicable Property. As of December 31, 2023, according to the Applicants’ records, there were 390 first mortgages with approximately \$81,455,930 in principal outstanding.⁴⁸
8. While the first mortgage loans may have ‘substantially similar terms’, during the course of the Investigation, the Monitor became aware that certain Properties had second mortgages registered on title, notwithstanding some of the Principals swearing statutory declarations that no subsequent mortgages would be registered on title without the Investor’s consent.⁴⁹
9. This practice occurred at Properties including, but not necessarily limited to, (i) 403 Lloyd Street in Sudbury, Ontario,⁵⁰ (ii) 162 Spadina Avenue in Sault Ste. Marie, Ontario,⁵¹ and (iii) 485 Pine Street South in Timmins, Ontario.⁵² During his interview, Mr. Suitor was provided an opportunity to review the statutory declaration for the property at 403 Lloyd Street and confirmed that he had no direct contact with the applicable Investors and did not obtain consent to register a second mortgage on that Property notwithstanding that the statutory declaration executed by Mr. Suitor specifically required this consent.⁵³

⁴⁴ Applicants’ Factum at para 25.

⁴⁵ First Clark Affidavit at para 72.

⁴⁶ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 44-45 at Questions 134-137.

⁴⁷ First Clark Affidavit at para 73 and **Exhibit “F”**.

⁴⁸ Approximate number of first mortgage loans by Applicants at the time of CCAA filing: Balboa 35; DSPLN 100; Happy Gilmore 79; Interlude 99; Multiville 23; Hometown Housing Inc. 18; Mulligan 1; Horses 1; Neat Nests 0; and Joint Captain 32.

⁴⁹ Transcript/Document Brief, Tab 4C; Transcript/Document Brief, Tab 8; Transcript/Document Brief, Tab 9.

⁵⁰ Transcript/Document Brief, Tab 4D.

⁵¹ Transcript/Document Brief, Tab 10.

⁵² Transcript/Document Brief, Tab 11.

⁵³ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 113-115 at Questions 320-326.

10. As of December 31, 2023, 121 of the properties⁵⁴ were also encumbered by second-priority mortgages/charges and general assignments of rent with approximately \$8,642,697 in principal outstanding.⁵⁵ Examples of the second mortgage loans were included in the First Clark Affidavit, as **Exhibit “H”**⁵⁶ and **Exhibit “I”**⁵⁷ therein. Most of the Applicants’ second mortgage loans were provided by Lift Capital Incorporated (“**Lift Capital**”) and, as noted above, are blanket mortgages involving more than one Property, with multiple Applicants (and on occasion, non-Applicants) listed as borrowers.⁵⁸
11. By way of example, in at least one instance, two non-Applicant related companies (Up-Town Funk Inc. and Happy Town Housing Inc.) were joint borrowers, together with Interlude, on a Lift Capital second mortgage for the properties located at 118 Rykert Street, St. Catharines, Ontario, 12 Thornton Street, St. Catharines, Ontario and 156 Cameron Street North, Timmins, Ontario.⁵⁹ In this case, the Applicants have not confirmed how the proceeds of this mortgage were split as between the borrowers.
12. According to the First Clark Affidavit, as of December 31, 2023, the Applicants had issued approximately 802 unsecured promissory notes (the principal amount outstanding being \$54,236,109.51),⁶⁰ of which 602 were issued to Lion’s Share, of which Ms. Drage is the Chief Executive Officer.⁶¹ The remainder of the Promissory Notes were sourced by Windrose and issued directly to individual Investors.⁶²
13. The Monitor noted during the Investigation that multiple promissory notes would sometimes be taken out in relation to a particular Property. For example, with respect to 261 Kimberly Avenue in Timmins, Ontario,⁶³ Mr. Suitor, on behalf of Interlude, borrowed funds pursuant to a first mortgage and five promissory notes (totaling \$345,672.19, well in excess of the \$129,900 purchase price that Interlude paid on March 16, 2022) registered on title of the Property. Notably, the \$200,000 first mortgage was signed on March 15, 2023 (well after the Applicants knew the “runway” from the Core Sale (defined herein) had run out), and one of the promissory notes was renewed as late as December 6, 2023. The chart below demonstrates the borrowing practices of Interlude and Mr. Suitor with respect to the 261 Kimberly Avenue Property:

⁵⁴ Approximate number of second mortgage loans by Applicants at the time of CCAA filing: Balboa 7; DSPLN 36; Happy Gilmore 34; Interlude 15; Multiville 15; Pink Flamingo 13; Mulligan, Horses and Neat Nests 0.

⁵⁵ Applicants’ Factum at para 27; First Clark Affidavit at para 78 and **Exhibit “H”**.

⁵⁶ **Exhibit “H”** of the First Clark Affidavit provides examples of a Lift Capital Incorporated second mortgages.

⁵⁷ **Exhibit “I”** of the First Clark Affidavit provides examples of individual lender second mortgages.

⁵⁸ Applicants’ Factum at para 28.

⁵⁹ These mortgage documents can be found in Volume 2 of the Application Record starting at Pg. 184.

⁶⁰ As noted above, the Applicants have asserted that the amounts owed to unsecured promissory noteholders is significantly less than the \$54.2 million set out in the First Clark Affidavit.

⁶¹ As discussed below, despite numerous requests by the Monitor and its counsel, the exact number of promissory notes remains unknown as of the date of this Report.

⁶² Approximate number of promissory notes by Applicants at the time of CCAA filing: Balboa 37, DSPLN 144; Happy Gilmore 113; Interlude 364; Multiville 33; Pink Flamingo 18; Hometown Housing 18; Mulligan 1; Horses 4; Neat Nests 40; and Joint Captain 46.

⁶³ Transcript/Document Brief, Tab 4K.

	Mortgage ⁶⁴	Promissory Note 1 ⁶⁵	Promissory Note 2 ⁶⁶	Promissory Note 3 ⁶⁷	Promissory Note 4 ⁶⁸	Promissory Note 5 ⁶⁹
DEBT	\$200,000	\$55,000	\$50,000	\$13,750.78	\$16,688.39	\$10,233.02
SIGNATURE / RENEWAL DATE	3/15/2023	12/6/2023 (renewal)	11/27/2023 (renewal)	10/17/2023 (renewal)	8/3/2023 (renewal)	3/23/2022
LENDER(S)	[REDACTED]	[REDACTED]	[REDACTED]	The Lion's Share Group Inc.	The Lion's Share Group Inc.	The Lion's Share Group Inc.

14. Beyond the disproportionate debt registered on title compared to the purchase price of the Property, the Monitor became aware that this Property burned down in or around November 18, 2023 (the “Fire”).⁷⁰ Notwithstanding the Fire, Promissory Note 2 and Promissory Note 1 were renewed in late November 2023 and early December 2023, respectively – both after the Fire. These Investors were never advised of the Fire (at least by Mr. Suitor or Interlude).⁷¹
15. It became clear from the Monitor’s Investigation, and attendance at the Secured Lender and Unsecured Lender town hall meetings, that individual Investors associated a particular promissory note with a particular Property and had expectations that the proceeds of the loan (and a corresponding sale) would be exclusively used (or disbursed) for that Property. Ms. Drage claimed to have similar expectations.⁷²
16. The Monitor’s understanding of the Investors’ expectations is supported by the general terms of the Promissory Note Agreement(s) included in the First Clark Affidavit at **Exhibit “M”**. The relevant provisions with respect to the proceeds of a sale and for the promissory note ‘attaching’ to a particular Property’s title are set out in paragraphs 5 and 8 of the Promissory Note Agreement:
 5. This Note will be repaid in full on or before September 01, 2024, or sale or refinance of 6 Bloor Street Sudbury ON P3C 2K2 whichever is soonest. The Lenders and Borrowers may agree to a 30 or 60 day extension under the same terms, subject to approval specifically by the Lenders. The Borrowers are aware that they are fully responsible for contacting the Lenders representative (Claire Drage) in writing to request such an extension with an explanation.

....

⁶⁴ Transcript/Document Brief, Tab 4N.

⁶⁵ Transcript/Document Brief, Tab 4O.

⁶⁶ Transcript/Document Brief, Tab 4P.

⁶⁷ Transcript/Document Brief, Tab 12.

⁶⁸ Transcript/Document Brief, Tab 13.

⁶⁹ Transcript/Document Brief, Tab 4M.

⁷⁰ The Monitor notes that there was also a second fire occurring in or around late March or early April 2024 that may have occurred due to squatters. Following this, the city demolished the property.

⁷¹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 191-193 at Questions 544-547.

⁷² Drage Transcript, Transcript/Document Brief, Tab 5, Pg. 61 at Question 136.

8. All costs, expenses and expenditures including, and without limitation, legal costs, fees and disbursements on a **substantial indemnity basis**, incurred by the Lenders in enforcing this Note as a result of any default by the Borrowers, will be added to the principle then outstanding and will immediately be paid by the Borrowers. In the case of the Borrowers default and the acceleration of the amount due to the Lenders all amounts outstanding under this Note will bear interest at the rate of 3% higher than the Initial Interest Rate charged per annum from the date of demand until paid. This Note is secured by the Lenders right to register this Note on title on **all or any properties held by the Borrowers and Guarantors as security** (the 'Security'), if not paid in full by 6:00pm on September 01, 2024. This includes, but is not limited to, the property located at 6 Bloor St, Sudbury ON P3C 2K2, Canada.⁷³ [**emphasis in original**]
17. Ms. Drage described her discussions about the clause in the promissory notes permitting the registration of the note on title to the borrower's (and guarantor's) properties as the "Security":
- A. A standard protocol during the discussions with any lender with regard to an unsecured loan was that it is high risk. Should they default, this clause allows the provision to register a lien on title or properties that the borrower and the guarantors own. As standard protocol, that was part of the discussion with our lenders.
- Q. Did you understand that it created a security interest in the properties?
- A. Yes, yes.⁷⁴
18. Despite these provisions tying the promissory notes to particular Properties, and contrary to Monitor's understanding of the Investors' expectations, the proceeds of promissory note loans were not always used to purchase or renovate the property referenced in the promissory note or even used by the borrower at all. The Investors appeared to have never received disclosure of this practice.
19. In at least one other case, Mr. Suitor signed a promissory note renewal associated with a particular property (29 Hughes Street, Sault Ste. Marie, Ontario) after the Property had already been sold.⁷⁵
20. Further examples of issues with the promissory notes are discussed in detail in the Investigation Findings section of the Report.

4.5 Events leading to the CCAA Filing

1. According to the Applicants, rising interest rates made refinancing difficult to pursue. Coupled with a confluence of other factors, the Applicants began exploring refinancing and sale opportunities in early 2022, culminating in the sale of 223 properties (the "**Core Sale**") to Core Acquisition Co Inc. ("**Core**"). The Core Sale closed in or around May 2022. The purchase price stated in the Agreement of Purchase and Sale was \$75,850,443, subject to a 5% withholding for a period of 12 months (the "**Core Holdback**").⁷⁶

⁷³ This document can be found in Volume 1 of the Application Record at Pgs. 391-392.

⁷⁴ Drage Transcript, Transcript/Document Brief, Tab 5, Pg. 112 at Question 263.

⁷⁵ Transcript/Document Brief, Tab 4Z.

⁷⁶ Transcript/Document Brief, Tabs 14-17; Applicants' Factum at para 35.

2. The Monitor has learned that the Core Holdback was never paid and may be subject to a future claim. The Monitor does not purport to opine on the possible strength of such claim.
3. While Mr. Clark's affidavit states that there were severe liquidity issues in June 2022 (a month after the Core Sale), Ms. Drage indicated during her interview that she only became aware of the Applicants' liquidity issues in late 2022 or early 2023.⁷⁷ In either case, by late 2022, the Applicants were increasingly failing to meet their loan obligations. As reflected in the Applicants' bank statements, numerous payments to utilities, insurance companies and interest payments to Investors were returned due to insufficient funds ("**NSF**"). During this time, Lion's Share made some interest payments on behalf of the Applicants.⁷⁸
4. In response to the Monitor's requests related to the Core Sale, the Applicants provided documentation related to the proceeds of the Core Sale in the form of an excel spreadsheet.⁷⁹ After deductions from the Total Purchase Price (without reference to the Core Holdback), the total amount disbursed to the Applicants, Principals and non-Applicant related companies was \$22,682,895.92 (the "**Core Proceeds of Sale**").
5. The Monitor notes that many non-Applicant related companies appear to have received direct payments from Core, whereas a number of the Applicants took promissory notes in lieu of payments. Notably, out of the Core Proceeds of Sale, \$11,082,375.97 appears to have been paid to the Applicants in the form of promissory notes, as follows:
 - a. \$1,553,485.62 to DSPLN;
 - b. \$1,553,485.62 to Pink Flamingo;
 - c. \$1,463,882.12 to Happy Gilmore;
 - d. \$1,463,882.12 to Multiville;
 - e. \$4,356,788.93 to Interlude; and
 - f. \$690,851.55 to Joint Captain.
6. In a letter received on June 10, 2024,⁸⁰ in response to inquiries regarding the proceeds of the Core Sale (and in particular, the promissory notes referenced in the spreadsheet provided⁸¹), the Applicants advised as follows:

The amounts referenced represent the payouts made by:

- (a) Dylan Suitor and entities controlled by Dylan Suitor;
- (b) Aruba Butt and entities controlled by Aruba Butt;

⁷⁷ Drage Transcript, Transcript/Document Brief, Tab 5, Pg. 49-50 at Questions 112-113.

⁷⁸ Transcript/Document Brief, Tab 5E.

⁷⁹ Transcript/Document Brief, Tab 14.

⁸⁰ Transcript/Document Brief, Tab 35AA.

⁸¹ Transcript/Document Brief, Tab 14.

- (c) Ryan Molony and entities controlled by Ryan Molony; and
- (d) Joint Captain Real Estate Inc.

in respect of amounts owing pursuant to the promissory notes issued in connection with properties sold pursuant to the Core Sale (the “Affected Promissory Notes”). To clarify, these are not promissory notes that were issued to the above-captioned parties. The Applicants and Management have previously provided the Monitor with the promissory notes that they are party to.

Please find enclosed at Schedule “A” correspondence from Bronwyn [Bullen] instructing the payout of the Affected Promissory Notes as well as the cheques that were provided by the vendors’ real estate counsel.

The Applicants understand that the amount paid represented a total payout of all amounts owing pursuant to the Affected Promissory Notes, and that the vendors’ real estate counsel was instructed to pay this amount to The Lion’s Share Group Inc. (which would then further distribute the proceeds to other Affected Promissory Note holders other than The Lion’s Share Group Inc., as and where required) by Bronwyn [Bullen]. The Applicants note that they are in the process of reviewing evidence that certain of the amounts reported as owing pursuant to promissory notes issued by the Applicants appear to be materially overstated, and the Applicants therefore may have materially overpaid The Lion’s Share Group Inc. at the time of the Core Sale closing. The Applicants intend to provide the Monitor with further information in this regard shortly.

7. The Applicants did not particularize which promissory notes were the “Affected Promissory Notes” they say were paid off at this time, nor did the enclosed correspondence from Ms. Bullen⁸² provide any information about which promissory notes were being paid off. The Applicants also did not provide any documentation showing a discharge of the unsecured debt referenced in the letter.
8. The Applicants also advised at this time that SID Renos received \$758,504.43 in respect of “the substantial work undertaken by the relevant employees in the six months preceding the sale.”⁸³ No evidence was presented in this letter providing the Monitor with any particulars of the specific work SID Renos performed on these properties, how such work was any different than the work SID Renos was already being paid for and/or if SID Renos was being paid in priority to other unsecured creditors for any substantiated reason.
9. Finally, the Applicants advised in this correspondence that “given the size and complexity of the Core Sale (the closing of which was repeatedly pushed out, with per diem amounts owing for each property changing daily), “directions re: funds” were not prepared by the vendors’ counsel with respect to the distribution of net proceeds to any of the named vendors.” As a result, the Monitor was not provided with, and is unable to prepare, a proper accounting of the uses of the Core Sale proceeds.
10. The Monitor notes that many of the vendors in the Core Sale were non-Applicant corporations in which some or multiple of the Principals held an interest, including:
 - a. BoredWalk Inc. (in which Mr. Clark confirmed he “has an informal and undocumented 50% interest”);

⁸² Transcript/Document Brief, Tab 35AA(i).

⁸³ Transcript/Document Brief, Tab 35AA(ii).

- b. Corn Soup Inc. (in which Mr. Clark confirmed he “had an informal and undocumented interest”);
 - c. Happy Town Housing Inc. (a subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”);
 - d. Hard Rock Capital Inc. (in which Ms. Butt was an indirect 50% shareholder at the time of the Core Sale);
 - e. Upgrade Housing Inc. (a subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”);
 - f. Old Thing Back Inc. (a subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”);
 - g. Parkplace Inc. (in which Mr. Clark confirmed he “has an informal and undocumented 50% interest”); and
 - h. Up-Town Funk Inc. (a subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”).⁸⁴
11. As a result of numerous and ongoing defaults, the Applicants received over 50 demand letters, notices of default, notices of intention to enforce security and are named in approximately 32 Statements of Claim (as of January 5, 2024) filed in the Ontario Superior Court of Justice.⁸⁵
12. Mr. Clark’s affidavit also references other alleged unsecured and/or secured obligations including (as of December 31, 2023):⁸⁶
- a. Inter-company indebtedness (which the Monitor cannot verify at this time based on the Applicants’ record-keeping deficiencies, as discussed herein);
 - b. Indebtedness to SID Renos (\$202,560.98);
 - c. Municipal Taxes (\$1,896,739.85);
 - d. Income Taxes: Hometown Housing (\$350,427.68 in corporate income tax arrears as of July 6, 2023); and Multiville Inc. (\$117,789.93 in corporate income tax arrears of July 6, 2023);
 - e. Utilities (\$532,883.20); and
 - f. Trade Accounts Payable (approx. \$600,000).
13. The Applicants’ financial statements reflect operating losses in 2021 and 2022. Rental income was insufficient to cover the Applicants’ operating expenses and debt service costs.

⁸⁴ Transcript/Document Brief, Tab 35Y.

⁸⁵ Applicants’ Factum at paras 6 and 33; First Clark Affidavit at para 100.

⁸⁶ Applicants’ Factum at para 34(a)-(e); First Clark Affidavit at paras 96-98.

14. By way of example, Interlude’s financial statements included in the First Clark Affidavit as **Exhibit “F”** reflect losses of \$343,757 in 2021 and \$1,348,239 in 2022 (before adjusting for the proceeds of the Core Sale).⁸⁷

Interlude Inc.		
Statement of Earnings (Loss) and Retained Earnings (Deficit)		
Year ended December 31	2022	2021
Revenue	\$ 1,163,830	\$ 494,442
Expenses		
Advertising and promotion	98,303	144,786
Amortization	-	50
Appraisal Fees	10,671	-
Commissions	7,025	-
Consulting fees	9,536	-
Insurance	193,807	63,285
Interest and bank charges	19,778	847
Interest on long-term debt	1,727,321	357,200
Management fees	127,224	53,105
Office and general	3,651	46,752
Professional fees	2,387	85,039
Property taxes	92,695	34,979
Repairs and maintenance	92,146	12,176
Utilities	127,525	39,980
	2,512,069	838,199
Loss before other item	(1,348,239)	(343,757)
Other income		
Gain on sale of equipment and leasehold improvements	2,898,400	-
Net earnings (loss)	1,550,161	(343,757)
Deficit, beginning of year	(343,757)	-
Retained earnings (deficit), end of year	\$ 1,206,404	\$ (343,757)

15. From the Monitor’s review of Interlude’s 2022 financial statements, it is apparent that interest expenses greatly exceeded revenue and, but for the Core Sale providing a brief runway, the business operated at a significant loss leading to a risk of insolvency without an exit strategy. The Monitor acknowledges that it is possible that additional units could have been tenanted in the future, potentially increasing rental income. However, given the magnitude of the operating and debt service costs, the Monitor notes that Interlude’s rental income would need to more than double to cover its expenses.
16. Mr. Clark volunteered that the business was “never sustainable without an exit financing solution or sale”:

Q. I want to go back to something we talked about earlier and make sure I have everything straight. After the Core Sale, you talked about having a runway I think was the terminology that you described. You felt like that runway got you to about September [2022]?

A. Give or take. That is kind of what we were game-planning for.

⁸⁷ Interlude did not file an unaudited financial statement for the period ending December 21, 2023.

Q. As of September, give or take, do you become aware at that point that the business is not sustainable without an exit?

A. To be fair, the business is never sustainable without an exit financing solution or sale. The goal of privates is to get off of them as quickly as possible, hopefully within the 12 months a typical term is.

Q. Without one of those things happening, a financing or a sale, this business was not going to be able to be cash flow positive. You knew that as of at least September 2022?

A. Correct.

Q. Did you know that always?

A. It is always the – we had refinances prior to 2022, possibly even in 2022. We worked with a variety of banks, Tandia, BMO, different ones. You never want to stay long term in private financing. The goal is to acquire, stabilize, and then it can be moved to a bank or institution.⁸⁸

17. The Monitor is concerned that the Applicants and their Principals knew (or ought to have known) that the Business was at risk if they continued operating in the manner that they were prior to the Core Sale (and in particular, without significant de-leveraging). In addition to Mr. Clark's statement regarding the "sustainability" of the Business, Mr. Suitor acknowledged that "there was a point when we became familiar with the fact that the Core money was not going to be brought back", at which point Ms. Drage recommended that the Applicants start selling the Properties.⁸⁹ While Mr. Suitor did not recall precisely when Ms. Drage gave this advice,⁹⁰ he did recall that the advice came with reference to a "[REDACTED]" file. Mr. Suitor explained that, in that matter, [REDACTED] grew a real estate business quickly, sustained major liquidity issues, did not follow Ms. Drage's advice to sell properties, and consequently entered into a consumer proposal.⁹¹
18. According to Ms. Drage, the consumer proposal involving "[REDACTED]" occurred in or around December 23, 2021.⁹² Accordingly, at minimum, Ms. Drage should have been aware of the risks inherent in the Applicants' practice of using extreme leverage by this point in time. As the Applicants had weekly phone calls with Ms. Drage, it is reasonable to assume that they should have also been advised of and understood that risk.
19. Notwithstanding these issues, the Principals continued borrowing funds well into 2023 and continued renewing loans as late as January 2024, shortly before the CCAA filing and when the Principals should have been aware that there was no reasonable expectation that all lenders would be repaid in full. For example, the Applicants borrowed \$736,838.62 in respect of three individual (i.e., not syndicated) mortgages

⁸⁸ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 111-112 at Questions 355-358.

⁸⁹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 52-53 at Question 136.

⁹⁰ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 55-57 at Questions 139-142.

⁹¹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 52-56 at Questions 136-139; Drage Transcript, Transcript/Document Brief, Tab 5, Pg. 85 at Questions 198-199.

⁹² Drage Transcript, Transcript/Document Brief, Tab 5, Pgs. 86-87 at Questions 203-206.

in July 2023 and then borrowed additional funds on many syndicated mortgages in July and August 2023.⁹³

4.6 The Applicants' Related Companies

1. During the course of the Investigation, the Monitor became aware of numerous companies with whom the Applicants transacted that are owned or controlled by the Principals. These related entities include, but are not necessarily limited to, the following (collectively, the “**Related Entities**”):
 - a. Entities connected to Mr. Clark, Ms. Butt, and/or Mr. Molony, that are not CCAA Applicants include:
 - i. Zack Files Real Estate Inc.;⁹⁴
 - ii. Paradisal Bliss Inc.;⁹⁵
 - iii. Lawn Care Alert;⁹⁶
 - iv. Northern Caboodle Inc.;⁹⁷
 - v. Corn Soup Inc.;⁹⁸
 - vi. EFresh Market Inc./EFresh Meals Inc.;
 - vii. Cobalt Properties Inc.;⁹⁹
 - viii. Hard Rock Capital Inc.;¹⁰⁰ and
 - ix. Chubby Assets Inc.;¹⁰¹
 - b. Entities connected to Mr. Suitor:
 - i. Upgrade Housing Inc.;¹⁰²

⁹³ Transcript/Document Brief, Tabs 18-20.

⁹⁴ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 8 at Question 16.

⁹⁵ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 7 at Question 14.

⁹⁶ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 102 at Question 300.

⁹⁷ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 8 at Question 16.

⁹⁸ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 146 at Question 468. Mr. Clark confirmed during his interview that he was unsure whether he had an interest in Corn Soup Inc.

⁹⁹ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 8 at Question 16.

¹⁰⁰ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 9 at Question 21. Ms. Butt states her interest in Hard Rock Capital was dissolved at Question 24 of her transcript.

¹⁰¹ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 16 at Question 16.

¹⁰² Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

- ii. 1083 Main Street Inc.¹⁰³
- iii. Commercial Urkle Inc.¹⁰⁴
- iv. Old Thing Back Inc.;¹⁰⁵
- v. Happy Town Housing Inc.¹⁰⁶
- vi. Up-Town Funk Inc.;¹⁰⁷
- vii. Prospect Real Estate Inc.;¹⁰⁸
- viii. Elevation Real Estate Network;¹⁰⁹
- ix. Dylan Suitor Professional Real Estate Holding Corporation;¹¹⁰
- x. Conduit Asset Management Inc.;¹¹¹
- xi. Elev8 Inc.;¹¹² and
- xii. The Suitor Family Trust.¹¹³

2. In many cases, the Applicants' funds were transferred to these companies without explanation other than the general statement that funds would be transferred as necessary to allow the different companies to meet their obligations. Mr. Suitor freely stated that "There are some non-applicant companies that were under similar management at certain points that money could have flowed between" in cases where these entities required funds.¹¹⁴

¹⁰³ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹⁰⁴ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 13-14 at Question 32.

¹⁰⁵ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 61 at Question 159.

¹⁰⁶ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg 206-207 at Question 594.

¹⁰⁷ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹⁰⁸ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹⁰⁹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹¹⁰ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹¹¹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹¹² Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹¹³ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 206-207 at Question 594.

¹¹⁴ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 9-10, at Questions 15-16.

3. The Monitor and its counsel have requested financial documents for numerous entities not subject to the CCAA proceedings.¹¹⁵ To date, the Applicants have only produced redacted bank statements for Zack Files Real Estate Inc. and Prospect Real Estate Holdings, however, the Monitor has not been provided documents for the remaining entities.¹¹⁶ Accordingly, the Monitor is not currently aware of the present financial status of any of these non-Applicant corporations.

5.0 Investigation Findings

1. Over the course of the Investigation, it became clear to the Monitor that the Principals either completely misunderstood or disregarded the need to treat each Applicant and each affiliate/related company as separate and distinct corporate entities. The manner in which these entities operated as effectively one consolidated group was not disclosed to the Investors.
2. The Applicants' record keeping, discussed in detail below, warrants consideration as a general issue in the operation of the Business. The Applicants' failure to maintain proper accounting records, including general ledgers, has complicated the Monitor's exercise to determine what transpired leading to the CCAA proceedings.
3. To address the specific funds tracing portion of the Investigation mandate, the Monitor prepared the R&D Analysis and the Related Party Transfer Analysis. Many of the findings set out in this section of the Report are based on these analyses, including the underlying assumptions detailed in the notes to those analyses.
4. As set out in Section 3.0 (Restrictions) of this Report, there are certain information requests pending with the Applicants. Accordingly, certain portions of this Report may be subject to revision and/or correction if the Applicants can provide documents which may cause the Monitor to revise its findings.

5.1 The Interrelated Nature of the Business

1. It is evident to the Monitor from its review of the CCAA materials, documentation received from the Applicants and their related companies and from the Investigation (and as reflected on the Related Party Transfer Analysis), that the Applicants form part of a larger and more complex corporate web, comprised of a significant number of additional companies and individuals including, without limitation, the Applicants, the SID Companies, the Non-Applicant Parent Cos and the Related Entities.
2. While they may have had different roles (discussed in detail below) and ownership interests, decisions regarding the Applicants' business were generally made collectively and authorized (whether explicitly or implicitly) by each of Mr. Clark, Ms. Butt, Mr. Sutor, Mr. Molony, Ms. Bullen and Mr. Drage.

¹¹⁵ During the interviews of the Applicants' Principals, the Monitor requested they produce bank statements for the following corporations: Zach Files Real Estate Inc.; Prospect Real Estate Holdings; Paradisal Bliss; Lawn Care Alert; EFresh Market Inc./EFresh Meals Inc.; Upgrade Housing Inc.; 1083 Main Street Inc; Conduit Asset Management; Old Thing Back Inc.; Happy Town Housing Inc.; Up-Town Funk Inc.; Dylan Sutor Professional Real Estate Corporation; Elev8 Inc.; and the Sutor Family Trust.

¹¹⁶ During the interviews of the Applicants' Principals, bank statements were not requested for the following corporations: Northern Caboodle Inc.; Corn Soup Inc.; Cobalt Prospects; Hard Rock Capital; Chubby Assets; and Commercial Urkle.

3. The evidence obtained during the interviews suggests that the Applicants (in addition to many of the non-Applicant related entities) operated in a collective manner, rather than as individual entities and, if one company needed funds, the companies listed above would “support each other if needed”, regardless of whether the company was within the Applicant group of companies or outside of that group (and/or notwithstanding that these related party transfers were not contemplated in most of the Applicants’ first mortgage agreements and promissory note loan agreements).¹¹⁷
4. Additionally, Mr. Clark was clear throughout his interview that, despite not holding a formal position with the Applicant companies, he would have the “final say” on decisions made by the Applicants and the related entities.¹¹⁸
5. Similar answers confirming that the Applicants (and other companies) were acting in support of each other and would transfer and intermingle funds as needed were provided in the interviews of Ms. Butt and Mr. Suitor.¹¹⁹ For example, when asked about the level of integration of the Applicants, Mr. Suitor indicated that Interlude “[...] was [intended] to be an [in] between, more the acquisition company, and then on refinance those properties would then be moved to a different corporation in small groups”.¹²⁰
6. It appears that the Applicants did not provide the Investors (whether Secured or Unsecured Lenders) with appropriate (or any) notice of their practice of acting collectively or without regard for corporate separateness. By way of example, on April 8, 2024, an Investor emailed KSV that they were “not advised that they [the Investors] were investing in any larger enterprise”. This Investor further stated that “my original agreement was only with Aruba [Butt] and DSPLN”. This Investor indicated to the Monitor that they relied on these representations in determining the appropriateness of their investment, and that the lack of disclosure by the Applicants impaired their ability to accurately assess the risks of the investment. Similarly, with respect to mortgage renewals, this Investor was apparently never advised that additional liens were placed on the Property.¹²¹
7. Windrose and Lion’s Share appear to have been highly integrated into the Applicants’ business from the perspective of raising funds, but, based on evidence from Ms. Drage, appear less integrated or knowledgeable in relation to the Applicants’ expenses or operations. For example, Ms. Drage asserted that she was unaware of the Applicants’ practice of moving borrowed funds amongst Applicants as needed. Rather, Ms. Drage said that her expectation was that the funds would be transferred to the named Applicant on the mortgage or promissory note loan in question and that the funds would only be used by that specific company and/or for that specific Property.¹²²

¹¹⁷ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 19 at Questions 48-49.

¹¹⁸ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 12 Question 34.

¹¹⁹ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 9-10 at Question 16.

¹²⁰ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 21-22 at Question 44.

¹²¹ Transcript/Document Brief, Tabs 21-22.

¹²² Drage Transcript, Transcript/Document Brief, Tab 5, Pgs. 62-63 at Questions 138-141.

8. While Mr. Clark asserted that Windrose was “certainly aware [...] that we were doing what we could to make sure that we held things together while we continued to search for a financial solution”,¹²³ it is unclear whether, when and how the Applicants and Principals explained the extent of these intercompany transfers to Windrose and/or Lion’s Share so they could in turn provide this information to the Investors.
9. The Monitor found the extent of these intercompany transfers unusual, and the dichotomy between Mr. Clark’s and Ms. Drage’s evidence as to whether the Applicants ever disclosed same striking, especially since the approximate quantum of intercompany transfers exceeded \$12 million.
10. Irrespective of what was conveyed to Ms. Drage about the Applicants’ practice of cycling borrowed funds amongst themselves (and also among non-Applicant entities), it appears that the Investors were not advised and therefore had no appreciation of such practices. During the initial Secured Lender call on April 1, 2024 and the initial Unsecured Lender call on April 2, 2024, numerous Investors took significant issue when learning of the manner in which the funds borrowed by the Applicants were available to whatever company needed the funds in the moment.
11. It is unclear whether the practice of moving borrowed funds amongst companies was the result of the Principals’ failure to comprehend that the Applicants (and other non-Applicant companies) are separate entities, whether it was an intentional intermingling of corporate funds to make tracing funds more difficult or whether the Principals simply did not care about the implications of this practice. Whatever the cause, this practice was inappropriate and its non-disclosure to the Investors appears to be a significant misrepresentation.

5.2 The Applicants’ Record Keeping Practices

1. One of the major issues the Monitor encountered in fulfilling its Investigation mandate concerns the Applicants’ record keeping practices.
2. At a fundamental level, Mr. Clark’s previously undisclosed ownership interest in the Applicants is entirely undocumented. Rather, Mr. Clark claimed an interest in the Applicants through Ms. Butt as a result of their marriage and Mr. Suitor through their ‘handshake deal’. It also appears that the use of a handshake deal rather than a properly documented ownership interest may have been driven by past litigation commenced by Mr. Clark’s brother against him and/or one of his companies.¹²⁴ No disclosure of Mr. Clark’s undocumented interest in the Applicants appears to have been provided to the Investors.
3. None of the Applicants maintained financial statements, including a general ledger, past the end of 2022, and the Monitor understands that general ledgers for that year were only created retroactively in order to file for CCAA protection. The general ledgers were incomplete and only appear to have captured transactions from the Applicants’ bank statements. In almost all cases, real estate was purchased with funds directed by Windrose to law firms and, as such, these funds were never deposited into and/or disbursed from the Applicants’ bank accounts and were therefore not recorded in the general ledgers. Due to the significant cost of this

¹²³ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 21 at Question 54.

¹²⁴ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 13-14 at Questions 32-33.

element of the Investigation and lack of adequate supporting documentation, the Monitor did not trace funds directed from Windrose to the Applicants' real estate lawyers. The Applicants' tax reporting was similarly incomplete and/or non-existent.

4. The effect of the Applicants' disregard for keeping accurate and up-to-date general ledgers was compounded by the fact that the Applicants' head of Accounts Payable, Ms. Butt, appeared completely unaware that a general ledger is fundamental to the operation of any business, let alone a business with aggregate assets and liabilities in excess of \$100 million. In this regard, Ms. Butt testified that she had no knowledge about the appropriate frequency for general ledger updates.¹²⁵
5. Despite being in charge of payments and accounts, Ms. Butt also appeared to not have considered the implications of the unusual practice of using personal credit cards and e-transfers to pay for the Applicants' business expenses. To that end, it is evident from the Monitor's review of the records that the Applicants would frequently make payments to pay its Principals' credit cards. Some of the payments made on these credit cards appear appropriate and directly related to the Applicants' business (notwithstanding that such payments were made on personal credit cards rather than a corporate card); however, the lack of clear records concerning specific business expenses being reimbursed makes it difficult for the Monitor to confirm the propriety of these payments with any degree of certainty.
6. For example, purchases made using the personal credit cards of the Principals at Home Depot or similar suppliers and various contractors may be legitimate business expenses incurred for the benefit of the Applicants. The Monitor notes the possibility that these expenses were, in part, incurred for the benefit of other non-Applicant companies that conducted similar real estate and renovation businesses. In any case, the lack of records (including reimbursement authorizations), especially in conjunction with the Applicants' non-response to the Monitor's multiple requests for them to particularize which credit card expenses were business expenses relating to the Applicants, has made it virtually impossible for the Monitor to determine with any degree of certainty whether charges incurred on personal credit cards had a valid business purpose justifying the Applicants reimbursing same to the Principals.
7. As described above, the challenges to the investigation caused by the record-keeping issues described above are compounded by the Applicants' failure to provide the Monitor on a timely basis with documentation identifying which expenses were business versus personal.¹²⁶
8. More generally, the Principals' division of labour within the Business appears to have contributed to or exacerbated the effects of the Applicants' record-keeping practices. For example, and as described in further detail below, it became clear during the interview of Ms. Butt that she (the *de facto* head of Accounts Payable) would authorize direct payments¹²⁷ to various individuals and/or companies with no oversight and no apparent understanding of the operational side of the Applicants' Business.

¹²⁵ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 251-255 at Questions 710-719.

¹²⁶ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 37 at Question 104.

¹²⁷ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 24 at Question 82.

9. Mr. Suitor also displayed a lack of knowledge regarding general ledgers and the day-to-day business of the Applicants. During his interview, Mr. Suitor and the Monitor's counsel had the following exchange as it relates to general ledgers:

Q. Are you aware that the general ledgers [for the Applicants] stop at the end of 2022?

A. I'm sorry, I'm not – as I mentioned, I'm not involved on the day-to-day of this, so I don't. . .

Q. Do you know what a general ledger is?

A. Embarrassingly, not super accurately.¹²⁸

10. Similarly, Mr. Suitor apparently had limited knowledge about the extent of his company's leverage and assets:

Q. Sorry, let me stop you. I'm not talking about intention. I just want to make sure we're focussed on what I'm asking about. I'm not asking about how you wanted things to work. I'm asking about what the actual leverage was, what the actual assets were. Did you ever have a complete picture of that?

A. I can't say that I ever had a complete picture of it.

Q. Did you try to create a complete picture?

A. Again, I wasn't a part of the operations on a daily basis. So to the extent of conversations around refinancing or conversations around selling, those were conversations I was privy to. The day-to-day of what you're showing on the screen right now I can't speak to.

Q. And let me be clear what I'm pivoting to. So on the screen is what happened in one month as far as deductions go. I'm asking at a way higher level than that. I'm asking about did you know the value of your assets? Did you know the value of the liabilities, the extent of the liabilities? Did you know that so that you had a complete picture of your companies or the applicants as a whole?

A. I can't speak to that.¹²⁹

11. When asked about the liabilities of Interlude, Mr. Suitor's evidence was as follows:

Q. So do I understand that you have the capacity to understand the value of assets and the liabilities against them but in respect of the applicants' properties, assets and liabilities, you've left that to someone else? Is that fair?

A. That's a fair assessment.

Q. And were you provided with updates on asset value and liabilities from someone who was managing the assets and the liabilities against them?

A. Not regularly.

Q. What about irregularly?

¹²⁸ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 68 at Questions 503-505.

¹²⁹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 135-136 at Questions 390-392.

A. Over the existence of the partnership, there's -- it's possible that I got updates. How those updates came, the form in which those updates came, I can't answer right now.

Q. I would like you to check and if you were provided with anything, the package that would tell you here's the properties and the assets and here's the liabilities, if you were provided that, I would like you to provide it to us, please.

MR. PAYNE: I have your request.¹³⁰

To date, the Applicants have not provided a response to this request.

12. Further to the above, Mr. Suitor stated that he could not even provide a high-level estimate of Interlude's liabilities:

Q. Do you know how much Interlude has in debt?

A. You've told me through this and I've seen numbers. I don't know the specifics.

Q. So my understanding is it's in excess of \$50 million. Does that sound way off to you?

A. I can't speak to that.

Q. Would you know if it's closer to \$50 million or zero?

A: You're asking a memory question I don't have the answer to.

Q: You don't even have -- so I suppose it is a memory question to a point, but sitting here right now, do you think that Interlude has less than \$25 million of borrowing or more than \$25 million?

A: There are a lot of properties. There are a lot of corporations. There are a lot of transactions. I can't speak to what those are right now.¹³¹

13. Mr. Suitor (a licensed realtor) also seemed unfamiliar with the state of and trends relating to the real estate market in Timmins and Sault Ste. Marie, notwithstanding that he advertises himself as having millions of dollars' worth of housing stock in those communities:

Q. From 2022, March of 2022 to March of 2023, Timmins was a declining market as far as real estate values?

A. Specifically, I can't speak to. What I will say is that I do follow on Instagram a number of unverified data points, and one thing I did find consistently, even in the Ontario as a whole real estate market declining as interest rates were increasing, Timmins and Sault St. Marie did actually stay strong. Year-over-year changes did actually stay strong, and I will even reference I believe February '23 to February '24, the highest market on one of those posts that I read recently actually had Sudbury leading the way from '23 to '24, and it was in the 15 to 16 percent average growth point.....

So I don't -- I can't say for certain if Timmins was in a declining market over that time period.?

¹³⁰ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 140-141 at Questions 398-401.

¹³¹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 134-135 at Questions 385-388.

Q. So you don't know between, and it's almost exactly year over year, March '22 to March '23, you don't know if Timmins [market] was going up or down or treading water?

A. I don't know, no. I actively traded in southern markets. As a generality, the northern markets maintained and not necessarily increased but treaded water while other markets were a little more susceptible to interest rates.

Q. Okay. You weren't interested in informing yourself as a realtor and as someone who had many millions of dollars' worth of housing stock in these communities what the trend was? Wasn't that something you would want to keep track of?

A. I'm a realtor out of Oakville and therefore I trade close to home. So clients that I would serve for the most part are in the Niagara, Hamilton, Halton, Brantford, Kitchener, Waterloo areas. Sometimes my scope would go outside of that or on some large apartment buildings. I trade and transact in Windsor or whatnot, but from a residential market standpoint, I have personally not personally represented as an agent in that capacity buyers and sellers in Timmins. So it wasn't top of my due diligence.¹³²

14. The Monitor has not been provided copies of the tax returns of the Non-Applicant Parent Cos and the SID Companies. During the interview of Ms. Butt, it also became clear that SID Renos did not file tax returns in 2023, 2022 and potentially ever when she stated that "as far as [she is] concerned, [all tax filings for SID Renos] are not complete."¹³³ In response to corresponding requests, the Applicants advised that SID Renos did not file taxes from 2020 onwards, and that Keely Korp and 265 are holding companies and do not have bank accounts. The Applicants also advised that SID Renos did not keep general ledgers. Beyond these responses, the Monitor has not received additional information concerning the records of SID Renos, SID Management, Keely Korp, 265 and Sail Away.
15. The Monitor discovered that invoices created by SID Renos were not always transmitted to the Applicants. Ms. Butt explained that, as the owner of SID Renos, she would not send out invoices to Applicants that she owned because she "would just be emailing [herself]".¹³⁴ Ms. Butt went on to indicate that she also would not send invoices to Mr. Suitor because "he was aware of them".¹³⁵
16. The Monitor also notes that the Applicants have not abided by and may have no knowledge of certain statutory requirements for business corporations in Ontario under the *Ontario Business Corporation Act*, R.S.O. 1990, c. B.16 ("**OBCA**"). In the course of the Investigation, it became clear to the Monitor that none of the Applicants (and/or any affiliates) held any First Director Meetings or general Board of Director meetings. Mr. Molony was not even aware that he was even on the Board of Directors for Happy Gilmore and Multiville.¹³⁶
17. Mr. Clark, Ms. Butt, Mr. Suitor and Mr. Molony generally appeared to lack knowledge of certain basic corporate governance requirements. For instance, in an exchange with the Monitor's counsel during his interview, Mr. Suitor indicated that "truthfully, I don't know overall the difference of a director and officer and the legalities and

¹³² Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 179-182 at Questions 518-520.

¹³³ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 221-222 at Questions 624-628.

¹³⁴ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 45 at Question 117.

¹³⁵ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 48 at Question 124.

¹³⁶ Molony Transcript, Transcript/Document Brief, Tab 3, Pg. 35 at Questions 137-138.

classifications of what each of those may be. In signing up on corporations, I've seen a president, a secretary, a treasurer, but my understanding has been that those titles and classifications don't really mean a whole lot."¹³⁷ In subsequent questions, Mr. Suitor went on to indicate that the definition of a board meeting is vague, he was unaware of what corporate resolutions were and that he was unsure when (or if) Interlude had filed taxes.¹³⁸

18. In addition to the failure to track real estate transactions through general ledgers, it appears that Mr. Molony was completely unaware of the financial status of the Applicants that he had an interest in (or the Applicants more broadly). In particular, during his interview, Mr. Molony stated that, despite being the secretary and the day-to-day operations manager, he never reviewed the bank statements of Happy Gilmore, Multiville and/or Mulligan.¹³⁹
19. Similarly, Mr. Clark, who stated he had the "final say" as a decision maker for the Applicants, asserted that he did not have bank account access for the Applicants and did not look at the accounts.¹⁴⁰ The Monitor questions how any responsible decision could be made without this basic level of oversight from the key decision maker.
20. While Ms. Butt was responsible for accounts payable and did have bank account access, it appears that she did not consider part of her role to be ensuring that payments to utilities and Investors cleared the bank accounts. Ms. Butt's evidence is revealing:

Q. We can go to Happy Gilmore. This is one we looked at already. This is the \$210,000 payment on May 25, which brought the account balance down significantly to a point where a number of cheques bounced subsequently. As the accounts payable person, isn't it within the purview of your job to make sure that cheques don't bounce?

A. No. I mean, I did the best I could. I am not an accountant. I don't have any certifications for that, and I am not a bookkeeper. Each day and month, week would have a different circumstance. I can't group them all together. At that specific time and that specific day, there could have been many reasons, so I am not going to make assumptions. It wasn't necessarily done for the purpose of things bouncing. There could have been reasons.

Q. There could have been reasons for what?

A. You are referencing the money leaving the account and then stating that bounces happened shortly after, and was it my job as the accounts payable to ensure nothing bounced. My job was not to ensure that indefinitely nothing bounced because I am not in charge of raising funds, and I am not in charge of every aspect of the ins and outs of the business, which are much more complex than just cheques coming out of a bank account.

Q. Isn't an aspect of accounts payable making sure that the account gets paid?

A. No. What I said was there are a lot of revolving components to the business. It is not just as simple as cheques coming out of a bank account and them getting paid. There are a lot of other moving parts that also get paid. If you are referencing utilities, insurances, other sorts of payments, supplies, construction, renovations, at that moment in time, a lot of things could have been

¹³⁷ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 76 at Questions 198-199.

¹³⁸ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 76-77 at Questions 202-205.

¹³⁹ Molony Transcript, Transcript/Document Brief, Tab 3, Pg. 124 at Question 486.

¹⁴⁰ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 36 at Questions 104-107.

happening that would answer the questions that you have. But I couldn't prevent every bounce from occurring.

Q. If you hadn't transferred \$210,000 to a related company, then there would be enough money to cover all of these expenses?

A. That is a hypothetical because you don't know the reason why that \$210,000 went out, which I would have to look up, because it could be for reasons that were more pressing at that time, and that is why it would have been done.

Q. Are you aware of any reason that paying SID Management was a more pressing obligation than paying your other creditors?

MR. PAYNE: I think she has answered the question about what she knows about that transaction at the time.

MR. PENDRITH:

Q. I am asking if she is aware if there was a pressing need to pay SID Management \$210,000 that would trump the need to pay the other creditors?

A. Pressing need? I am not going to guess, but a potential could be insurances.¹⁴¹

5.3 Notable Financial Transfers

1. Through its review of the existing general ledgers and bank statements of each Applicant company, the Monitor has identified extensive transfers amongst the Applicants and by the Applicants to other related parties. Those are reflected on the R&D Analysis and the Related Party Transfer Analysis. While some of these transfers appear to be legitimate and made in furtherance of the Applicants' Business, the Applicants have not provided a sufficient (or in some cases, any) explanation for many of these transfers. Examples of such large transfers amongst the Applicants, by the Applicants to the Principals and by the Applicants to related corporations outside of the Applicant group, are detailed below.
2. The Monitor has particular concerns with the Applicants' use of funds after identifying a brief "runway" that would end once proceeds of the Core Sale had been depleted. Mr. Clark appears to have understood how the Core Sale enabled the Applicants to meet their obligations for a limited time period (i.e., the "runway"), but that it was necessary to find an exit strategy, without which the Applicants' business would no longer be viable.¹⁴² Shortly after the proceeds of the Core Sale were depleted, the Applicants began missing interest payments to their lenders and any pre-authorized payments would be returned as NSF. Notwithstanding the occurrence of dishonoured payment obligations, many of the Applicants continued their previous practice of frequent, high-value transfers to other Applicant companies, the SID Companies, the Non-Applicant Parent Cos, the Principals and/or other related entities instead of paying their obligations as they come due, particularly debt service costs to the Secured Lenders or Unsecured Lenders.

¹⁴¹ Butt Transcript, Transcript/Document Brief, Tab 1, Pgs. 246-248 at Questions 694-700.

¹⁴² Clark Transcript, Transcript/Document Brief, Tab 2, Pgs. 111-112 at Questions 355-358.

5.3.1 Inter-Applicant Transfers

1. As reflected on the R&D Analysis, between 2019 and January 2024, approximately \$12 million was directly transferred amongst the Applicants.
2. Based on the foregoing, and the responses obtained during interviews, it appears that the Applicants did not track these “intercompany loans” in any meaningful way, and either failed to document same or failed to provide evidence of the tracking to the Monitor. Similarly, payments to the Principals, such as Ms. Butt, do not appear to have been properly tracked. Ms. Butt indicated in her interview, upon being asked how payments were recorded, that “I didn’t really know to the dollar”.¹⁴³
3. In the Monitor’s view, the magnitude and frequency of the Applicants’ intercompany transfers support Mr. Clark’s evidence that money was moved amongst the companies “as needed”; however, the lack of any apparent method of tracking, recording and/or disclosing to Investors these transfers (or, more broadly, tracking the Applicants’ financial status, including creditors and debtors) is concerning.

5.3.2 Transfers from the Applicants to SID Companies and Non-Applicant Parent Cos

1. As part of its mandate, the Monitor considered the Applicants’ funds that were received by the SID Companies. The Monitor was interested in both payments made by the Applicants directly to SID Renos and SID Management, as well as certain fees that were deducted from rent receipts by SID Management before remitting the balance to the Applicants.
2. As outlined above, SID Management collects rents from tenants and charges the Applicants a Property Management Fee, Tenancy Management Fee, LTB Services Fee and a maintenance fee. Given that SID Management collects rent directly from the tenants, the Monitor would not expect SID Management to have received a significant amount of transfers and/or payments from the Applicants.
3. However, the Monitor identified a total of \$663,669 paid by the Applicant companies to SID Management. Among these payments was a \$210,000 payment to SID Management by Happy Gilmore on May 25, 2023, shortly after receiving a large inflow from Nekzai Law (who the Monitor understands assisted the Applicants with, among other things, real estate transactions).¹⁴⁴ The Applicants have not provided any explanation for this transfer, and Ms. Butt’s only evidence was that this payment “doesn’t ring any bells” (despite this sizable transfer being made only eleven months before the interview).¹⁴⁵ More broadly, the Applicants have provided no evidence or explanation as to what, if any, services SID Management provides to the Applicants aside from the Management Services discussed above. Because the Management Services are generally deducted by SID Management from rent collections, it is unclear why there would be any payments from the Applicants to SID Management.
4. Similarly, the Monitor has identified payments totaling \$8,197,027.96¹⁴⁶ of rental income, the majority of which were inflows *by* SID Management to the Applicants

¹⁴³ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 30 at Question 93.

¹⁴⁴ Transcript/Document Brief, Tab 2P.

¹⁴⁵ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 225-227 at Questions 638-645.

¹⁴⁶ See **Appendix 1**.

through January 2024. While these payments were assumed to be in respect of rent received from tenants (net of deductions), the Applicants have not provided particulars as to rent payments made to them by SID Management. Additionally, the Monitor notes that this amount would be substantially less than the amount of rent that would be required to service the Applicants' debt and cover other operating expenses.

5. The Monitor has similar questions concerning payments to SID Renos totaling \$2,543,698.01 through January 2024.¹⁴⁷ In this regard, the Applicants have failed to produce any invoices and attendance sheets during the course of the Investigation to substantiate these payments. The Applicants and SID Renos ought to have ample records from contractors, as required by section 4(c) and 4(d) of the Trade Contracts excerpted below:
 - (c) Contractor shall provide Company a breakdown of all expenses (i.e., materials, and labor) upon Company's request, provided, however, that the Contractor shall be responsible for all expenses incurred by the Contractor or the Contractor's Personnel in connection with the performance of the Services. For greater clarity, in **no event shall the Company reimburse the Contractor for any such expenses, unless the Company has pre-approved such expenses in writing.**
 - (d) The Contractor shall issue invoices to the Company in accordance with the Contractor's standard invoicing policy or pursuant to Company's request. The invoices must have the proper CORP name and property address listed **[Emphasis added]**.
6. During his interview, Mr. Molony – who claimed he had no knowledge whatsoever of payments and the financial status of his own companies – asserted that the payments by the Applicants to SID Renos were Construction Management Fees (i.e., for attendance at the property) or VTB payments, as discussed above.¹⁴⁸
7. Additionally, the Monitor identified various transfers to the Non-Applicant Parent Cos. In particular, Joint Captain made two \$400,000 payments on May 11, 2022, one to Ms. Butt's personal bank account and one noted as a "dividend". When asked about these payments, the Applicants stated that these were dividends to each of Joint Captain's parent companies (i.e., Happy Island and Sail Away), despite that one of the payments was made to Ms. Butt's personal bank account.¹⁴⁹ The Monitor notes that, given the liquidity issues that the Applicants were experiencing in June 2022, as identified in the First Clark Affidavit, the payment of such large dividends at that time appears inappropriate. When asked about these dividends, Ms. Butt's evidence was that she, Mr. Drage and Ms. Bullen only considered whether there was "funding in the [Joint Captain] account", without consideration of the detrimental impact that paying the dividends would have on the ability to service or repay the Applicants' significant debt.¹⁵⁰

¹⁴⁷ See **Appendix 2**.

¹⁴⁸ Molony Transcript, Transcript/Document Brief, Tab 3, Pg. 107 at Question 421.

¹⁴⁹ The payment to Sail Away was coded as "DEFT SETTLEMENT". Accordingly, the Monitor cannot confirm the recipient of that payment.

¹⁵⁰ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 99-101 at Questions 238-243.

8. Additional concerns arise from Ms. Drage's assertion that some of the Lion's Share promissory note loans that were associated with properties sold in the Core Sale were not repaid with the corresponding sale proceeds. Ms. Drage explained that the Lion's Share notes were not repaid so that the capital could remain in the business in order to make bank refinancing more viable.¹⁵¹ To the extent the Applicants were seeking to engage in a broader refinancing (as Mr. Clark asserted on multiple occasions, including at the town hall calls with the Secured Lenders and Unsecured Lenders), paying dividends at that time would decrease solvency and make refinancing more difficult.
9. Of particular importance, after the proceeds of the Core Sale had been depleted (on or around November 2022), the Applicants transferred a total of \$1,105,499.51 to Happy Island,¹⁵² \$878,843.56 to SID Renos¹⁵³ and \$482,775.99 to SID Management.¹⁵⁴
10. As the Applicants have not provided the bank statements for SID Renos or SID Management to the Monitor as of the date of this Report, the Monitor cannot determine how these funds were redirected. However, of the funds transferred to Happy Island by the Applicants, the Applicant bank statements delivered to the Monitor only show \$520,315 redirected back to the Applicants. The balance was spent as follows:
 - a. \$445,500 to Ms. Butt's personal bank account;
 - b. \$33,000 to SID Management;
 - c. \$16,500 to Zack Files Real Estate;
 - d. \$5,800 to Commercial Urkle; and
 - e. \$84,384.51 which were redacted in the bank statements that the Applicants provided to the Monitor.
11. When asked to explain the payments to Happy Island, the Applicants claimed that funds were transferred "to preserve the Applicants' liquidity while the Applicants continued to conduct renovations and pursue a comprehensive refinancing solution". The Applicants further claimed that the "funds were subsequently used to pay for various expenses incurred by or on behalf of the Applicants". However, given the lack of transparency into the payments made from Ms. Butt's personal bank accounts (as described herein), the redactions in the Happy Island bank statements, and the fact that the Applicants have not provided the Monitor with details of SID Management's accounts, the Monitor cannot make any conclusion as to whether the \$585,184.51

¹⁵¹ Drage Transcript, Transcript/Document Brief, Tab 5, Pg. 80 at Questions 180-183.

¹⁵² The Applicants' bank statements provided to the Monitor only show an aggregate of \$1,003,500 in payments to Happy Island (See **Appendix 2**). However, when the Applicants provided the Monitor with Happy Island's redacted bank statements, the Monitor identified a payment of \$101,999.51 from DSPLN to Happy Island on November 6, 2023. As stated in **Appendix 1** (and the notes thereto), the Applicants did not provide the Monitor with any of DSPLN's bank statements in respect of transactions between September 30, 2023 and November 10, 2023. Accordingly, this payment of \$101,999.51 was not previously identified before reviewing Happy Island's bank statements.

¹⁵³ The Monitor calculated this value by adding all payments by the Applicants to SID Renos between November 1, 2022 and January 31, 2024.

¹⁵⁴ The Monitor calculated this value by adding all payments by the Applicants to SID Management between November 1, 2022 and January 31, 2024.

sent to Happy Island but not paid back to the Applicants was in fact used in a manner that benefitted the Applicants.

5.3.3 Transfers from the Applicants to Related Individuals

1. In addition to the payments from the Applicant entities to its parent companies and/or the SID Companies, there were substantial payments made from the Applicant entities to Mr. Suitor, Ms. Butt, Mr. Molony and Mr. Clark. Those are reflected in the Related Party Transfer Analysis.
2. As noted above, the Applicants (aside from Interlude) did not have dedicated corporate credit cards. To address this issue, it is apparent that the Principals made certain business-related purchases on their personal credit cards. The Principals asserted that it was their practice to use their personal credit cards to incur expenses on behalf of the Applicants and, in turn, use the Applicants' funds to pay off their credit card bills.
3. When asked why personal credit cards were used for the Applicants' business expenses rather than corporate credit cards, Mr. Clark indicated that this was because, Interlude aside, "we didn't have established credit" and the Principals "thought it was better to not just use one card [i.e., Interlude's corporate credit card] all the time."¹⁵⁵
4. While some of the expenses on the personal credit cards relate to the Applicants' Business, others admittedly do not. The breakdown of credit card payments between personal and business expenses has been sought by the Monitor but not received as of the date of this Report.
5. Mr. Clark in particular spoke about the lack of record keeping for transfers to and from Ms. Butt, Mr. Suitor and Mr. Molony:
 - Q. Did you keep a record of what you put in [to a company] versus what you pulled out, something so that you could keep track?
 - A. No, it wasn't as formal. It was more done, if you needed funds, especially near the end, you put them in. Not on a formal basis like shareholder loans to a company.
 - Q. What about just for your own personal knowledge so that you knew how much money you were into the company for or the company was into you for?
 - A. Truthfully, no.
 - Q. Why didn't you do that?
 - A. No particular reason. Not an accountant.¹⁵⁶
6. At minimum, the Monitor has learned of the following aggregate payments made to individuals (acknowledging that, given the lack of general ledgers for 2023 or 2024, it is difficult to identify all of the payments flowing thereto).

¹⁵⁵ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 220-221 at Questions 670-674.

¹⁵⁶ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 157 at Questions 503-505.

5.3.3.1 Transfers to Mr. Clark

1. In the aggregate, the Monitor has identified, at minimum, \$959,434.81 paid by the Applicants directly to Mr. Clark through January 2024.¹⁵⁷ The Monitor has not received meaningful explanations for the majority of these transfers beyond the general explanation that these expenses related to reimbursements of payments made by the Principals for the benefit of the Applicants.
2. While Mr. Clark also appears to have transferred \$163,916.87 to the Applicant companies, he could not explain why a substantially larger amount was transferred by the Applicants to him directly, nor could he confirm that these amounts were only reimbursements for funds he paid on behalf of the Applicants. Further, he confirmed that he did not keep track of the amounts he paid to or received from the Applicants.¹⁵⁸ As of the date of this Report, the Applicants have not provided Mr. Clark's personal bank account statements.
3. Among the larger payments to Mr. Clark, the following substantial payments were made (the Applicants have provided no explanation for these and other payments to Mr. Clark, despite being asked directly about these transactions):
 - a. \$50,000 from Interlude on June 7, 2021, identified as being "Due to/From Robby Clark PREC" (notwithstanding that Mr. Clark claims to not have a professional real estate corporation¹⁵⁹) and further described as "DEFT SETTLEMENT FLE";
 - b. \$100,000 from Multiville on December 13, 2021, identified as being "Due to/From Robert Clark" and further described as "DEFT SETTLEMENT FLE"; and
 - c. \$125,000 from DSPLN on June 13, 2022, identified as being "Due to/From Robert Clark" and further described as "DEFT SETTLEMENT FLE".

5.3.3.2 Transfers to Ms. Butt

1. In the aggregate, the Monitor has identified that the Applicants transferred Ms. Butt a net total of \$2,655,936.51.¹⁶⁰ Ms. Butt asserts that these payments were reimbursements for business expenses on her personal credit card, as she did not have a corporate credit card for the Applicant companies under her direct control.¹⁶¹
2. As a matter of practice, payments were made from the Applicants to Ms. Butt's personal bank account, and then from her personal bank account to her credit card, rather than directly from the Applicants' accounts to her credit card. Upon review of the bank statements for Ms. Butt's bank accounts, it is also apparent that in many cases, funds transferred to that account from the Applicants were redirected to one of her personal credit cards shortly after the initial transfer. However, those bank statements are heavily redacted, making it impossible to determine whether the credit

¹⁵⁷ See **Appendix 2**.

¹⁵⁸ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 156-157 at Questions 501-505.

¹⁵⁹ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 159 at Question 509.

¹⁶⁰ See **Appendix 2**.

¹⁶¹ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 24-25 at Question 83.

cards are the *only* place that Applicant funds were disbursed. Similarly, while there are many payments on Ms. Butt's personal credit card that may relate to the Applicants' Business (e.g., Home Depot purchases), Ms. Butt has yet to particularize which credit card purchases she claims as "business expenses" as opposed to "personal expenses" (despite being asked to do so), nor has she particularized which "business expenses" concerned Applicant companies rather than non-Applicant companies operating in the same business. Accordingly, the Monitor cannot currently conclude what portion of the funds transferred to Ms. Butt's personal account were used for valid reasons relating to the Applicants' business.

3. Noteworthy payments to Ms. Butt include the \$400,000 dividend from Joint Captain (described elsewhere in this Report) and various payments on luxury items, including private jet travel and jewellery which are characterized in the general ledgers as being funds "Due to/from Aruba".¹⁶²

5.3.3.3 Transfers to Mr. Molony

1. In the aggregate, the Monitor identified that the Applicants net transferred Mr. Molony a total of \$459,551.07.¹⁶³
2. During his interview, Mr. Molony said that these amounts were "for anything company related", which could include a "mix of vendor payments, reimbursement for utilities, material payments".¹⁶⁴ While the Monitor requested that Mr. Molony identify the credit card transactions which make up these amounts, the Monitor has yet to receive a response to this request. Accordingly, the Monitor cannot currently opine on what portion of these funds were used for valid, business-related reasons.

5.3.3.4 Transfers to Mr. Suitor

1. In the aggregate, the Monitor identified that through January 2024, the Applicants transferred Mr. Suitor a net total of \$628,667.99.¹⁶⁵ The majority of these payments appear to be payments to Mr. Suitor's AMEX or Scotiabank credit cards, which were stated to have been used for business expenses.
2. In addition to the funds that Mr. Suitor received personally, he also appears to have received certain payments on behalf of his Professional Real Estate Corporation. The Monitor has requested further information in this respect but has yet to receive same.
3. While the Monitor requested that Mr. Suitor identify the credit card transactions which make up these amounts, the Monitor has also yet to receive a response to this request. Accordingly, the Monitor cannot currently opine on what portion of these funds were used for valid, business-related reasons.

¹⁶² The \$400,000 dividend to Ms. Butt is captured in **Appendix 2** in the "Dividend to shareholder" line item.

¹⁶³ See **Appendix 2**.

¹⁶⁴ Molony Transcript, Transcript/Document Brief, Tab 3, Pgs. 164-165, question 612.

¹⁶⁵ See **Appendix 2**.

5.3.4 Transfers from the Applicants to related entities outside of the CCAA proceeding

1. One of the significant and largely unexplained issues that the Monitor identified during the Investigation was the substantial transfers of funds from the Applicants to entities that are controlled by one or more of the Principals, but which do not fall within the Applicant group of companies.
2. In particular, and by way of example, the Monitor learned of the following aggregate transfers to non-Applicant companies:

Non-Applicant Entity	Net Payments from Applicants (Total) ¹⁶⁶	Applicants' Explanation (if any)
Old Thing Back	\$2,758,602.90	See paragraph 4 below
Prospect Real Estate	\$764,704.61	N/A
Lawn Care Alert	\$601,000	The Applicants have not provided an explanation for these transfers, despite being provided the opportunity to do so. While the Applicant stated that "efforts were made to obtain" bank account statements for Lawn Care Alert but that these were unavailable "because the applicable account has been closed for a considerable period" (according to Mr. Clark, "Two, three years ago" ¹⁶⁷), \$47,000 was transferred to this e-mail over 2022 and 2023, with the latest payment being made on June 15, 2023. The Applicants have not advised where funds e-transferred to this email would have been sent if not to Lawn Care Alert.
Paradisal Bliss	\$464,394	The Applicants did not answer any questions concerning these substantial payments to Paradisal Bliss (including providing the Monitor with any invoices issued by Paradisal Bliss), despite being given the opportunity to do so.
Elev8 Inc.	\$150,000	The Applicants claim that this payment "was in respect of a dividend approved by the sole director of Interlude following the Core Sale".
Upgrade Housing	\$138,043.62	See paragraph 4 below
EFresh Market Inc./EFresh Meals Inc.	\$35,000	No explanation given
Commercial Urkle Inc.	\$23,500	The Applicants claim that these payments were "intercompany loans to pay certain amounts due to one or more lenders to Commercial Urkle Inc. sourced by The Windrose Group Inc. and fees related thereto".
Cobalt Prospects Inc.	\$23,500	No explanation given
Chubby Assets Inc.	\$500	No explanation given
SID Commercial Management Inc.	\$500	No explanation given

¹⁶⁶ All amounts listed in this column are sourced from **Appendix 2**.

¹⁶⁷ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 102 at Question 330.

- The Monitor also identified the following transactions from related entities that resulted in net funds being paid to the Applicants:¹⁶⁸

Non-Applicant Entity	Net Payments to Applicants
Happy Town Housing	\$282,251.67
Up-Town Funk	\$68,982
Corn Soup Inc.	\$59,300
Zack Files Real Estate	\$50,379.64
Hard Rock Capital Inc.	\$16,737.50

- Subsequent to the interviews, the Applicants provided certain corporate credit cards of two non-Applicant Companies (Old Thing Back and Upgrade Housing). The Applicants stated that they used these credit cards to pay expenses on behalf of the Applicants, for which they were reimbursed through the payments listed above. The Monitor has obtained insufficient details to confirm this explanation. Notably, despite being expressly asked to provide particulars of which charges the Applicants state Old Thing Back and/or Upgrade Housing incurred on behalf of the Applicants, they failed to provide that information. Similarly, the Applicants did not provide the Monitor with bank statements for Old Thing Back or Upgrade Housing. Accordingly, while it is possible that some portion of these amounts were spent in respect of Applicant matters which were later reimbursed by the Applicants, the Monitor is unable to confirm the veracity of this explanation.

5.3.5 Other Ostensibly Improper Transfers

- In addition to the foregoing transactions, the Monitor identified a number of transactions which appear to have no appropriate business rational whatsoever. Examples of these transactions are discussed below.
- Between December 29, 2021 and January 18, 2022, Happy Gilmore spent a total of \$199,618.07 on various entertainment and luxury items, including payments of \$59,034.75 for luxury home rentals and approximately \$140,000.00 to a company called “Uncommon Entertainment”, which the Applicants advised was for the purpose of “networking, business development and identifying potential investors or business partners”. Mr. Clark confirmed in his interview that no business was obtained as a result of these trips.¹⁶⁹ During this period, the Monitor also noted a \$42,174.66 payment to ██████████ in respect of a private jet rental.

¹⁶⁸ All amounts in this table are sourced from **Appendix 2**.

¹⁶⁹ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 262 at Question 819.

3. On December 23, 2021 and January 13, 2022, Pink Flamingo made total payments of \$117,515.98 for jewellery purchases at Aviannes Inc., a jewellery store in New York City. When the Monitor provided Ms. Butt with an opportunity to explain these transactions, she stated that these were personal expenses, but said that she considered these purchases as “dividend” payments.¹⁷⁰ In the Monitor’s view, this demonstrates Ms. Butt’s lack of comprehension regarding the inappropriate nature of utilizing Applicant funds for personal expenses.
4. On April 4, 2022 and April 7, 2022, the Applicants made payments totaling \$92,033.11 to Elite Pacific Properties (a luxury vacation home in Hawaii). While the Applicants state that they filmed certain promotional materials for their business during these luxurious trips, they have not provided a copy of these promotional materials to the Monitor, despite being asked to do so.
5. On July 28, 2021 and May 2, 2022, the Applicants made payments totaling \$89,652.14 to Paramount Business Jet (a private jet company). While Mr. Clark stated in his interview that this jet travel was done in part for the purpose of “filming a video or videos concerning Canadian affordable housing”,¹⁷¹ the Applicants have not provided a copy of these promotional materials to the Monitor, despite being asked to do so.
6. On August 5, 2022, DSPLN made a payment of \$52,173.60 to ██████████, the CEO of ██████████ and an influencer connected to ██████████, among other celebrities.¹⁷² The Applicants provided little credible explanation for why this payment is fairly characterized as a business expense. Mr. Clark confirmed in his interview that no business was obtained as a result of his relationship with ██████████.¹⁷³ In particular, Mr. Clark stated the following:

Q. Explain, if you could, the payment to ██████████. I understand it was in respect of management fees for networking opportunities. What was it that ██████████ was opening up that you didn’t have access to?

A. Very connected group. He got us in the doors at a number of different networking events in the States that ranged from sporting events or networking events, different concerts and things in the entertainment world with some very high worth individuals, as well.

[...]

Q. Other than having access, was there anything that was provided by way of work product from ██████████?

A. No. Work product you mean --

Q. Anything that you got for \$52,000?

A. No, not materials or anything in the way you are talking about.

¹⁷⁰ Butt Transcript, Transcript/Document Brief, Tab 2, Pg. 132 at Question 33.

¹⁷¹ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 251-252 at Questions 774-777.

¹⁷² See **Appendix 1**.

¹⁷³ Clark Transcript, Transcript/Document Brief, Tab 1, Pg. 255 at Questions 788-789.

Q. It was basically access to a concert?

A. Yeah. More than that, but yeah.

Q. What was the more than that?

A. Access to a concert.¹⁷⁴

7. Between December 2021 and May 2023, DSPLN appears to have made payments totaling \$38,500 to ██████████, an Instagram ‘star’ who is ‘famous’ for cutting ██████████ and/or ██████████ hair. These payments included notes in the Applicants’ records stating “MERRY CHRISTMAS TO [...]”, “CONGRATS ON NEW PL[...]”, and “HAPPY BIRTHDAY”. Ms. Butt denied that these were gifts,¹⁷⁵ and maintained that the messages only related to the timing of the e-transfer and not the reason for that transfer.¹⁷⁶ Mr. Clark confirmed no business arose out of his relationship with ██████████.¹⁷⁷
8. Between January 2021 and December 2023, the Applicants transferred \$147,556 to ██████████ and \$14,243 to ██████████.¹⁷⁸ Ms. Butt stated that these expenses were made “for the purpose of providing financial support to ██████████, during a health crisis”.
9. In addition to the foregoing, the Monitor identified a total of \$5,092,714.16 in payments from the Applicants coded as “DEFT SETTLEMENT” and/or “DEFT ITEM” payments. While the Applicants’ counsel stated that these disbursements “reflect lender repayments to the Windrose Group”,¹⁷⁹ it is clear to the Monitor that this is an incomplete answer, as the following transactions are also coded as “DEFT SETTLEMENT” payments:¹⁸⁰

Date	Payment Details
September-October 2021	Various payments to DSPLN, Old Thing Back and Zack Files Real Estate
December 13, 2021	\$100,000 payment from Multiville to Mr. Clark
December 14, 2021	Management Fee of \$17,371.18
December 17, 2021	\$6,463.34 payment from Interlude to Prospect Real Estate
May 11, 2022	One of the \$400,000 “dividend” payments from Joint Captain
June 13, 2022	\$125,000 payment from DSPLN to Mr. Clark
July 2022	Various repair and maintenance payments from The Mulligan

¹⁷⁴ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 256-258 at Questions 792 and 800-803.

¹⁷⁵ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 162-167 at Questions 418-438.

¹⁷⁶ Butt Transcript, Transcript/Document Brief, Tab 2, Pgs. 163-164 at Question 425.

¹⁷⁷ Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 256-257 at Question 793.

¹⁷⁸ See **Appendix 2**. Ms. Butt confirmed in correspondence with the Monitor that ██████████ are her parents.

¹⁷⁹ Letter from Applicants’ counsel dated March 15, 2024.

¹⁸⁰ Transcript/Document Brief, Tab 23.

Date	Payment Details
Various	\$701,073.83 from Interlude in respect of “legal & professional fees”
Various	\$434,375 from Interlude to Upgrade Housing
Various	\$635,000 from Interlude to Old Thing Back

5.4 Timing of Financial Transfers

1. The mere fact of the above transfers, and the insufficient record-keeping to track or address same, causes the Monitor substantial concern. However, even more concerning to the Monitor is the timing of many of these transfers.
2. In particular, the Monitor has seen a number of examples (both before and after the Core Sale) where substantial funds were paid into an Applicant company (whether from Nekzai Law, Lion’s Share, Windrose or an unidentified source in respect of a promissory note, mortgage proceeds, or payments otherwise characterized by the Applicants as a housing loan) and, over the course of mere days or weeks, depleted in large part or entirely through transfers outside of the group of Applicant companies.
3. The chart found at **Appendix 4** includes key examples of this practice.
4. The Monitor has yet to receive compelling explanations for these sets of transactions. Whatever the explanation, it appears that this practice, at the very least, shows that the Applicants were cavalier in their willingness to transfer funds amongst related entities irrespective of their obligations to creditors, particularly the Investors.

5.5 Improper Charges on the Interlude Credit Card

1. According to the First Clark Affidavit, Interlude is the only Applicant with a corporate credit card (the “**Interlude Card**”), with any other expenses being made via personal credit cards (as detailed above). As of December 28, 2023, approximately \$57,746.65 was owing under the Interlude Card.¹⁸¹
2. Upon review of the Interlude Card statements, the majority of the expenses incurred appear to be business-related expenses, albeit potentially on behalf of non-Applicant companies such as Old Thing Back.
3. The Monitor has identified the following payments which do not appear to relate to or benefit the Applicants’ Business:

¹⁸¹ First Clark Affidavit at para 60.

Date	Payment Details	Applicants' Explanation
March 4, 2022	\$1,573.78 via PayPal to a private chef ("CHEFRODRIGO")	Applicants state that they were "networking in Miami" and hosted a dinner at which certain potential investors were in attendance
March 5, 2022	\$20,286.09 charged to "LIV 296 MIAMI BEACH" (a nightclub in Miami)	Applicants state that they were "networking in Miami"
March 5, 2022	\$4,868.89 charged to "TABOO 24 BY CANDIES CAB MIAMI" (the self-described "Ultimate Adult Playground")	Applicants state that they were "networking in Miami"
March 6, 2022	\$3,223.63 via PayPal to a private chef ("CHEFRODRIGO")	Applicants state that they were "networking in Miami"
July 10, 2022	\$959.74 charged to "LA LANTERNA DI VITTORIO NEW YORK" (an Italian café in New York City)	Applicants state this was a business dinner with the Principals, their spouses and an employee of the SID Companies during a business trip in New York
July 11, 2022	\$11,448.51 charged to "LOEWS HOTEL THE REGENC NEW YORK" (a luxury hotel in New York City)	Applicants state this was accommodations for the Principals, their spouses and an employee of the SID Companies at a business trip in New York
July 13, 2022	\$1,280.29 charged to "LA MAISON DE L AUBRAC PARIS" (a restaurant in Paris)	Applicants state this was a business dinner with the Principals, their spouses and an employee of the SID Companies
July 18, 2022	\$9,219.74 charged to "KIMPTON SAINT HONORE PARIS" (a luxury hotel in Paris)	N/A

- When asked about these purchases, the Applicants confirmed that they received no business from these networking opportunities. The Monitor is unclear how or why investors in Miami could or would assist in the Applicants' Business of selling housing investment opportunities to individual lenders in Ontario, nor did they adequately explain why a business trip or business dinners in New York City or Paris were necessary for the Business.

5.6 Incomplete, Inaccurate and/or Misleading Marketing Material

- The Monitor has reviewed numerous presentations prepared by or for Ms. Drage and her staff at Windrose to solicit Investors for the Applicants (and various of the Principals' other corporations). Based on the answers provided by the Principals, it appears that they provided some information to Ms. Drage and/or Windrose, at least insofar as it concerns the claimed after-repair value of the Properties.
- The most concerning information in the marketing material reviewed by the Monitor is the misleading representations concerning the success of the Applicant companies (and in certain cases, non-Applicant companies owned by the relevant Applicant's

Principal). In particular, these marketing packages note the alleged “portfolio strength” of the proposed borrower company and of other Related Entities. However, while they note the number of properties owned, the purchase price, the current value and the monthly rental income for each company, they are silent as to the associated liabilities of the borrower. By omitting information concerning the borrower’s debt obligations, these materials paint an incomplete and therefore misleading picture. The relevant debt servicing costs, which would reveal whether the portfolio was cash flow positive, were also omitted from such presentations.

3. Certain marketing materials also appeared misleading in their lack of disclosure of other key information about the Applicants or their Principals. For example, on April 4, 2022, Ms. Bullen prepared a private mortgage opportunity for the Property located at 157 Bloor Street W, in Sault Ste. Marie, Ontario (the “**Bloor Presentation**”).¹⁸² This particular Property is owned by Interlude. The Principals have not produced evidence to demonstrate that Ms. Bullen’s relationship to the Applicants was disclosed to Investors, despite the fact that she potentially derived a benefit through any investment.
4. The Bloor Presentation also characterizes Mr. Suitor as a personal guarantor. As discussed in section 4.4 above, the Monitor has discovered that the Principals, including Mr. Suitor, may be challenging the validity of the “guarantor” language in the promissory note loan documents. The Monitor cannot reconcile how Mr. Suitor, a realtor, who has undoubtedly seen marketing materials for properties and/or been involved in numerous mortgage/co-sign arrangements could not be aware of the legal implications of the “guarantor” title.

5.7 Matters Concerning Specific Mortgages, Promissory Notes and Property Transfers

1. The Monitor identified certain discrepancies related to mortgages, promissory notes and other property transfers during the course of the Investigation which the Applicants have yet to explain. Some notable examples are set out below.
2. In the course of the Investigation, the Monitor reviewed promissory notes in respect of a property located at 369 Wellington Street East in Sault Ste. Marie (the “**Wellington Property**”),¹⁸³ which notes list Joint Captain as the borrower.¹⁸⁴ Despite this, the Wellington Property is not owned by Joint Captain, but rather, by [REDACTED] through a numbered corporation, 1000345782 Ontario Inc.¹⁸⁵ [REDACTED] appears to run a similar business to the Principals, utilizing a similar fund raising structure as the Applicants.
3. As of the date of this Report, the Monitor has no information as to whether [REDACTED] has any direct relation to or ownership stake in any of the Applicants or its Principals and has not received an explanation from Ms. Drage or the Applicants regarding this discrepancy.

¹⁸² Transcript/Document Brief, Tab 24.

¹⁸³ Transcript/Document Brief, Tab 25.

¹⁸⁴ Transcript/Document Brief, Tab 26.

¹⁸⁵ Transcript/Document Brief, Tab 27.

4. The Monitor also has significant concerns regarding the transfer of certain properties. In particular, on September 25, 2023, the Applicants made the following transfers:
 - a. 454 Eva Avenue in Sudbury, Ontario¹⁸⁶ transferred by Interlude to Old Thing Back for \$2.00;
 - b. 536 Montague Avenue in Sudbury, Ontario¹⁸⁷ transferred by Interlude to Old Thing Back for \$2.00; and
 - c. 496 Whissel Avenue in Sudbury, Ontario¹⁸⁸ transferred by Hometown Housing to Old Thing Back for \$2.00.
5. Each of the above transfers were reversed and transferred back to the Applicant owner on January 15, 2024.
6. When asked about these transfers, the Applicants claimed that the transfers “were caused by inadvertence” and were “mistakenly authorized” by the Applicants’ real estate lawyers without instructions. In each case, the Applicants stated that “There was no sale of the property and/or no proceeds in relation to same”.¹⁸⁹
7. Despite this explanation, the Monitor identified that a Promissory Note Renewal was issued to Old Thing Back in respect of the property located at 454 Eva Avenue while it was in Old Thing Back’s possession. In particular, Mr. Suitor signed the Promissory Note Renewal on behalf of Old Thing Back on November 7, 2023.¹⁹⁰ The fact that this renewal was signed by Mr. Suitor in November 2023 causes the Monitor to doubt the accuracy of the Applicants’ assertion that they were unaware of the transfers to Old Thing Back until January 2024. It is also inconsistent with the assertion that the transfer was “inadvertent” and/or that “no proceeds” resulted from the transfer. In fact, it appears that proceeds were retained, rather than repaid, as a result of the transfer.
8. In addition, the Monitor identified that the Burlington Office, which until recently was owned by Paradisal Bliss, was listed for sale by [REDACTED], a realtor at SID Developments, despite being utilized for business by a number of the Applicants and other affiliated corporations, such as Paradisal Bliss. The listing price was \$1,250,000.¹⁹¹ When the Monitor’s counsel asked why the Burlington Office was currently listed for sale, Mr. Clark stated that “we [Ms. Butt and Mr. Clark] have no money”.¹⁹² The Monitor has become aware that the Burlington Office has since been sold.
9. The Monitor is also concerned with rental payments flowing from the Applicants to Paradisal Bliss to utilize the Burlington Office (before it was sold), notwithstanding Mr. Clark’s assertion in his affidavit that the Applicants do not lease any real property and

¹⁸⁶ Transcript/Document Brief, Tab 28.

¹⁸⁷ Transcript/Document Brief, Tab 29.

¹⁸⁸ Transcript/Document Brief, Tab 30.

¹⁸⁹ Transcript/Document Brief, Tab 35G.

¹⁹⁰ Transcript/Document Brief, Tab 31.

¹⁹¹ Transcript/Document Brief, Tab 32.

¹⁹² Clark Transcript, Transcript/Document Brief, Tab 1, Pgs. 36-37 at Questions 108-109.

utilize office spaced owned by affiliates of Happy Island and 265 at no cost.¹⁹³ On April 10, 2024, the Applicants, through counsel, indicated that SID Management offered the Applicants “rent concessions” in respect of the total amount of the monthly rent (\$5,000 monthly). The Applicants’ counsel also indicated that SID Management agreed to cause the funds to be reverted to the Applicants. The Monitor has not been provided with information to verify this assertion.

5.8 Conflicts of Interest

1. The Monitor noted several instances in which the Applicants’ Business was coloured by conflicts of interest.
2. The most obvious conflict was Ms. Bullen and Mr. Drage’s role as Principals of Joint Captain while being: (i) employed by Windrose, the Applicants’ primary broker and a lender; and (ii) related to Ms. Drage, the principal of Windrose and Lion’s Share. In fact, Ms. Bullen had a direct role preparing loan opportunity documents that were used by Windrose and/or Lion’s Share to raise funds from Investors.
3. Given the significant number of intercompany transfers on an “as needed” basis between the Applicants, it is the Monitor’s view that the identity of all Principals should have been disclosed for every loan, and Mr. Drage and Ms. Bullen’s connection to the Applicants also ought to have been disclosed.
4. Mr. Drage and Ms. Bullen, as Principals of Joint Captain, knew or ought to have known of the Applicants’ general business practices (including the practice of moving funds between companies). With that knowledge, they ought to have disclosed that practice to Investors. Further, Windrose (which was simultaneously employing Mr. Drage and Ms. Bullen) knew or ought to have known about this practice as well.
5. The engagement of non-arm’s length entities as service providers or suppliers creates additional conflicts of interest. Notably, there are ostensible or actual conflicts of interest that arise from:
 - a. Retaining and paying SID Management for Management Services on the basis detailed in this Report;
 - b. Retaining and paying SID Renos for Construction Management Services and other fees;
 - c. Retaining and paying Paradisal Bliss for cleaning services, which may or may not have been performed;
 - d. Renting office space (at the Burlington Office) from Paradisal Bliss;
 - e. Retaining and paying New Hues Painting Inc. for painting services at the Applicant Properties;

¹⁹³ First Clark Affidavit at para 54.

- f. Pre-filing transfers of Property to certain companies owned by [REDACTED], and payment of fees in respect of these properties to Green Lily, another company owned by [REDACTED]; and
 - g. Retaining and paying Mr. Suitor, through his real estate company, commissions for the sale of properties, including the pre-filing sale commissions discussed below.
6. It appears that the Principals caused the Applicants to routinely pay non-arm's length creditors while failing to meet obligations to Investors and other arm's length parties.

6.0 Pre-Filing Transactions

1. The Monitor was also empowered by the Second ARIO to examine the Applicants' pre-filing real estate transactions.
2. The Applicants, through counsel, provided the Monitor with a '*confidential*' Pre-Filing Sales Chart (the "**Pre-Filing Chart**").¹⁹⁴ The Pre-Filing Chart includes 17 Properties (the "**Pre-Filing Properties**") located in Timmins, Niagara Region (such as St. Catharines), Sault Ste Marie and Sudbury that were listed and sold prior to the date the Applicants filed for CCAA protection.
3. Of the 17 Pre-Filing Properties disclosed to the Monitor, ten were owned by Interlude, three by DSPLN, two by Neat Nests and one by each of Joint Captain and Horses. Twelve of these properties were "Fully Vacant", whereas three were tenanted and two were 'partially' tenanted.
4. The Applicants, through counsel, provided certain explanations as to why each of the Pre-Filing Properties were listed for sale. The explanations provide are set out below:
 - a. One Pre-Filing Property (1216 Dollar Avenue in Sudbury, Ontario) was listed for sale because it had "good equity";
 - b. Two Pre-Filing Properties (303 River Road in Sault Ste Marie, Ontario and 3 Water Street in St. Catharines, Ontario) were sold because of the threat or initiation of a "power of sale". Notably, Mr. Suitor is the listing agent representative for the 3 Water Street transaction and received 100% of the listing commission; and
 - c. 14 of the Pre-Filing Properties were listed and sold due to "Reno Costs being too high". Despite this, Mr. Suitor received a real estate commission on four of these properties.
5. It is concerning to the Monitor that many of the pre-filing sales were made to what appear to be non-arm's length parties. In particular, the Monitor notes that there were numerous sales to MTDS Investments Inc. and MT Deez Inc., which are corporations owned by [REDACTED]. Mr. Suitor denied having an interest in these entities and

¹⁹⁴ Transcript/Document Brief, Tab 4B.

claimed that MTDS does not stand for “ [REDACTED] Dylan Suitor”.¹⁹⁵ Even if true, the transfer of the Applicants’ Properties to Mr. Suitor’s employee appears unusual.

6. Mr. Suitor received a double-sided real estate commission on the sale of six of the 17 Pre-Filing Properties,¹⁹⁶ notwithstanding that the sale proceeds were insufficient to repay all of the unsecured debt associated with these properties, and in the case of four of those six properties, the proceeds were insufficient to repay the second mortgage loans in full (before considering the unregistered debt which was not repaid). The Monitor has requested information from Mr. Suitor regarding all commissions he has received as a result of the sales involving the Applicants and awaits his response.
7. For each Pre-Filing Property that was sold to MTDS Investments Inc. or MT Deez Inc., Green Lily (another company owned by [REDACTED]) received payments from the proceeds of sale, which left various unpaid secured and unsecured debts. In these cases, the properties were re-listed immediately, which appears unusual to the Monitor.
8. In total, as part of the sale of Pre-Filing Properties to [REDACTED] companies, Green Lily received a total of \$275,000. The Applicants state that these payments were made in respect of reimbursements for Green Lily having coordinated and managed pre-closing renovations.
9. The Monitor is concerned about the timing of these non-arm’s length sales (which closed in December 2023 and January 2024), especially when it is clear that not all promissory note holders in respect of these properties were repaid.
10. Below is a simplified chart prepared by the Monitor regarding the Pre-Filing Properties that were sold to [REDACTED] companies based on the information provided by the Applicants:

Property	Seller / Buyer	Reason for Listing / Sale	Date of Listing / Sale	Sale Price/Payment to Green Lily Inc.
[REDACTED] (Sudbury) ¹⁹⁷	Interlude / MTDS Investments Inc.	“Reno Cost too high”	Listed on September 19, 2023; Closed on December 6, 2023.	\$325,000 / \$75,000
17 Baker Street (Sudbury)	Interlude / MTDS Investments Inc.	“Reno Cost too high”	Listed on August 31, 2023; Closed on December 22, 2023.	\$300,000 / \$75,000

¹⁹⁵ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 105 at Question 289.

¹⁹⁶ 3 Water Street (St. Catharines); [REDACTED] (Sudbury); 17 Baker Street (Sudbury); 200 King Street (St. Catharines); 363 McNeill Boulevard (Sudbury); and 128 Dufferin Street (Sudbury).

¹⁹⁷ Suitor Transcript, Transcript/Document Brief, Tab 4, Pgs. 106-107 at Questions 295-308.

Property	Seller / Buyer	Reason for Listing / Sale	Date of Listing / Sale	Sale Price/Payment to Green Lily Inc.
200 King Street (St. Catharines)	Neat Nests / MT Deez Inc.	"Reno Cost too high"	Never listed; Closed on January 4, 2024.	\$970,000 / \$0.00
363 McNeill Boulevard (Sudbury)	Interlude / MTDS Investments Inc.	"Reno Cost too high"	Listed on August 22, 2023; Closed on January 5, 2024.	\$290,000 / \$75,000
128 Dufferin Street (Sudbury)	Interlude / MTDS Investments Inc.	"Reno Cost too high"	Listed on September 20, 2023; Closed on January 16, 2024.	\$380,000 / \$50,000

11. In addition to the foregoing, the Monitor notes the following in respect of the Pre-Filing Properties not listed in the chart above:

Property	Mortgages	Unregistered Debt	List Price (Date) / Sale Price (Date)	Other Details
196 Wilson Avenue (vacant property in Timmins)	\$89,000 first mortgage; no second mortgage	\$219,524.23	\$99,900 (June 12, 2023) / \$95,000 (July 7, 2023)	Shortfall in proceeds which the Applicants claim "were taken primarily from Pink Flamingo refi" and in part from refinancing of a different property owned by Hometown Housing, in the total amount of \$17,296.63
303 River Road (fully tenanted property in Sault Ste. Marie)	\$751,935.04 first mortgage; no second mortgage	\$16,485.38	\$879,000 (July 18, 2023) / \$845,000 (September 1, 2023)	Surplus of \$25,020.33, which the Applicants claim were returned to Interlude
644 Wellington Street East (vacant property in Sault Ste. Marie)	\$218,500 first mortgage; no second mortgage	\$188,798.43	\$249,000 (September 11, 2023) / \$260,000 (October 17, 2023)	Shortfall on the first mortgage; [REDACTED] is still owed \$23,500
84 Strachan Avenue (vacant property in Timmins)	\$93,804 first mortgage; no second mortgage	\$41,023.05	\$159,000 (May 25, 2023) / \$127,000 (August 5, 2023)	Applicants claim that the surplus of \$10,400 went to DSPLN for renovations and property expenses

Property	Mortgages	Unregistered Debt	List Price (Date) / Sale Price (Date)	Other Details
59 Riverside (vacant property in Niagara Region)	\$370,000 first mortgage; no second mortgage	\$117,600	\$199,999 (June 1, 2023); \$450,000 (August 4, 2023)	Applicants claim that there was a shortfall of \$21,217.20 which was sent from Conduit Asset Management to Horses
63 Walnut Street (vacant property in Sault Ste. Marie)	\$130,000 first mortgage; no second mortgage	\$28,813.02	\$139,000 (September 10, 2023) / \$125,000 (November 7, 2023)	Applicants claim that shortfall was accounted for through the sale of 1216 Dollard Avenue
1216 Dollard Avenue (vacant property in Sudbury)	\$214,400 first mortgage; no second mortgage	\$52,027.14	\$429,900 (August 1, 2023) / \$380,000 (November 11, 2023)	Applicants claim surplus used to pay for shortfall on closing for 63 Walnut Street, and \$101,329.50 surplus paid to DSPLN (despite property having been owned by Interlude)
287 4th Avenue (partially tenanted property in Sault Ste. Marie)	\$103,900 first mortgage; no second mortgage	\$43,105.06	\$150,000 (September 25, 2023) / \$145,000 (December 8, 2023)	Applicants claim surplus was used to cover the [REDACTED] shortfall, plus an extra "\$9793.94 stayed in the lawyers trust account for future closings"
29 Hughes Street (vacant property in Sault Ste. Marie)	\$98,000 first mortgage; no second mortgage	\$80,471.41	\$109,900 (April 24, 2023) / \$90,000 (November 8, 2023)	Applicants claim that shortfall of \$33,780 is still owned to the Lion's Share
272 Birch Street North (vacant property in Timmins)	\$137,250 first mortgage; no second mortgage	\$203,833.32	\$149,900 (September 15, 2023) / \$123,000 (October 27, 2023)	Applicants claim that \$39,299.30 shortfall was covered by funds from lenders relating to 582 Government Road (a property owned by Joint Captain)
894 Bonney Street (vacant property in Sault Ste. Marie)	\$110,000 first mortgage; no second mortgage	\$330,000	\$115,000 (September 14, 2023) / \$97,000 (December 20, 2023)	Applicants claim that \$25,538.57 shortfall was covered by the surplus received in the sale of 17 Baker Street
3 Water Street (fully tenanted property in St. Catharines)	\$720,000 first mortgage; no second mortgage	\$2,925,435	\$1,200,000 (June 14, 2023) / \$820,000 (October 6, 2023)	Mr. Suitor received 100% of the commissions on this sale

12. With respect to the property at 3 Water Street in particular, it appears that Mr. Suitor attempted to refinance the property in the time between when it was listed and when it was sold, as evidenced by the “Promissory Note Loan” presentation created by Ms. Drage dated September 14, 2023. The “Deal Synopsis”¹⁹⁸ provides information Ms. Drage provided to prospective lenders and is excerpted below:

CLAIRE DRAGE

CEO | Mortgage Broker
289.800.9620 | investor@thewindrosegroup.ca



DEAL SYNOPSIS

Loan Amount	\$250,000.00
Term	Our client Dylan Suitor, is seeking a Promissory Note Loan for 6 months to 1 year fully open term. (you let us know if you want 6 months or 1 year)
Return & Payments to You	You will earn 17% annual interest compounding monthly that will be payable to you with monthly interest only payments of \$3,541.67
Property Location	The property is a Six Plex located at 3 Water Street, St Catharines, ON L2R4T6
Current Value	\$720,000.00 Purchase Price Estimated After Repair/Completed Value to be \$1,600,000.00
Current Liens	1 st Private Mortgage of \$576,000.00
Loan to Value	Including the \$576,000.00 will be 51.62% based on after repair value of \$1,600,000.00
Strategy	Purchase, renovate, rent out with high quality tenants, and then refinance with a major bank.
Advance Date (est.)	To Be Arranged.

13. The 3 Water Street Deal Synopsis provides information about Mr. Suitor to prospective investors and indicates that he is a “veteran real estate” investor who has amassed a “large portfolio with more than 80 properties”. According to Mr. Suitor, this property was the first property that came close to a power of sale due to a lender starting legal proceedings.¹⁹⁹
14. The Monitor has concerns relating to the sale of the Pre-Filing Properties. In particular, the Monitor has received inadequate explanations of how and why the proceeds of these sales were “shuffled” around from one Applicant to another (consistent with the Applicants’ practice of shuffling funds from surpluses on some sales to shortfalls on others) with no regard for which corporation was party to the transaction.

¹⁹⁸ Transcript/Document Brief, Tab 33.

¹⁹⁹ Suitor Transcript, Transcript/Document Brief, Tab 4, Pg. 54 at question 138.

15. It is apparent from the Pre-Filing Sale information provided that the proceeds of these sale transactions were insufficient to repay the unsecured debt associated with those properties.

7.0 Conclusion

1. The Applicants have failed to pay the Investors amounts owing on hundreds of mortgage loans and promissory notes. Meanwhile, the Applicants' pattern of paying the Principals and the corporations they own or control (as reflected in the Related Party Transfer Analysis) appeared to exacerbate the liquidity issues that led to the CCAA. At the most basic level, this systemic preference demonstrates a lack of consideration, at best, for the interests of the Investors.
2. The funds that were used to purchase and renovate the Applicants' properties do not appear to have been used for an improper purpose. However, significant funds advanced by Investors to a specific entity with reference to a specific Property were regularly diverted from the Applicants to the Principals and their corporations. The explanations proffered for the diversion of such funds were, in large part, inadequate.
3. The Monitor accepts that some payments to the Principals may have been justified as reimbursement for the Principals' use of personal credit cards to make bona fide business purchases for the Applicants. While such a practice is unorthodox and unsophisticated for a group of companies with material real estate holdings, that practice provided a plausible explanation for why some payments were made by the Applicants to the Principals.
4. Direct payments by the Applicants to facilitate luxury travel experiences for the Principals and their spouses appear unrelated and detrimental to the Business. Similarly, payments to influencers, entertainment companies and marketing firms appear unrelated to the Business. Jewellery purchases by Pink Flamingo for the benefit of the Principals and transfers to family members, including [REDACTED], also appear unrelated to the Business.
5. Transfers of funds by the Applicants to SID Management as "management fees" appear largely unjustified, particularly given that the Applicants' rental income was being collected by SID Management and any fees should have been deducted before remitting funds to the Applicants.
6. Transfers by the Applicants to SID Renos were partially explained by the services SID Renos was providing. However, given the Applicants' issues renovating their Properties, the Monitor has concerns about the competency of SID Renos and the value the Applicants were receiving.
7. Transfers by the Applicants to other corporations owned or controlled by the Principals, which net payments exceeded \$7.4 million, were in certain cases inadequately explained and appear improper.
8. The Monitor concludes that the transfers of the Applicants' funds to non-Applicant companies were particularly unjustifiable as of the fall of 2022, when it became apparent that there was limited "runway" and a liquidity crisis was imminent.

9. The Monitor concludes that the Applicants continued to borrow funds and renew loans when they knew or ought to have known that there was no reasonable chance of repaying them. The Applicants were aware that the business model was not sustainable without an exit strategy. Despite that knowledge, the Applicants appeared willing to borrow more to pay interest on prior debt obligations.
10. The Monitor also concludes that the Investors were not adequately informed about many aspects of the Applicants' Business. Most notably, the undisclosed information included:
 - a. The corporate organizational chart and/or the number of related entities involved in the Applicants' Business;
 - b. The Applicants' propensity to shuffle borrowed funds amongst one another "as needed" without regard for the loan agreements pursuant to which these funds were advanced to the Applicants;
 - c. That the Investors' funds might not be used to acquire or renovate the Property referenced in the mortgage agreement or promissory note;
 - d. The Applicants' significant debt levels; and
 - e. That the Applicants were not cash flow positive and that the business was not sustainable without an exit strategy.
11. The pre-filing sales demonstrate that the Applicants had insufficient equity in those properties to discharge the unsecured debt associated with those properties. Accordingly, the inability to repay creditors in a liquidation scenario points to the lack of a viable exit strategy.
12. The Monitor has concerns but was unable to conclusively determine that the pre-filing sales of the Applicants' properties to MTDS Investments Inc. and MT Deez Inc. constitute self-dealing by Mr. Suitor. In any event, the circumstances of those transactions and the commissions paid thereon, including the payments to Green Lily, appear unusual.
13. On an overall basis, the Monitor finds that the Applicants' Business and the Investors' funds were mismanaged, with the effect that the true beneficiaries of the Business were the Principals and their corporations.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
BALBOA INC., DSPLN INC., HAPPY GILMORE INC., INTERLUDE INC., MULTIVILLE INC.,
THE PINK FLAMINGO INC., HOMETOWN HOUSING INC., THE MULLIGAN INC., HORSES IN
THE BACK INC., NEAT NESTS INC., AND JOINT CAPTAIN REAL ESTATE INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “1”

Balboa Inc. et al
Appendix 1
For the Period March 2019 to January 2024
Statement of Receipts and Disbursements
(Unaudited; \$CAD)

Receipts	Notes	Amount
Lender Funding/Proceeds from Core Sale	1	40,023,840
Intercompany	2	12,361,086
Rental Income	3	8,197,028
Related Party	4	6,861,071
Other	5	2,146,952
Total Receipts		69,589,977
Disbursements		
Debt Service	6	24,690,269
Related Party	4	20,287,708
Intercompany	2	12,343,704
Utilities, Renovations, Repairs and Maintenance	7	3,619,285
Credit Card Payments	8	3,483,198
Other	5	2,261,896
Insurance	9	1,614,646
Professional Fees	10	755,695
Retail, Travel, and Meals & Entertainment	11	679,163
Total Disbursements		69,735,563

General Note

This analysis was prepared using a combination of available bank statements, general ledger support, e-transfer and wire evidence with the following limitations:

- General ledger support is not available beyond December 2022;
- Bank statements for October 2023 are missing for Balboa Inc;
- Bank statements for October 2023 are missing for DSPLN Inc;
- Bank statements and E-transfer support for 2020 are missing for Horses In The Back Inc. The Monitor believes the bank account was active during 2020, as the general ledger shows transactions for that year;
- Bank statements from January 2021 to September 2021 are missing for Interlude Inc. The Monitor believes the bank account was active during this period as there is E-Transfer support provided by the bank that shows transactions starting January 2021. In the absence of bank statements for these periods and in order for the analysis to be complete, the Monitor incorporated transactions reflected in the general ledger for any period where bank statements were not available.
- E-Transfer support is missing for all disbursements from January 2021 to May 2022 for Interlude Inc;
- E-Transfer support from October 2020 to January 2021 is missing for Pink Flamingo Inc;
- E-Transfer support from March 2021 to June 2021 is missing for The Mulligan Inc; and
- E-Transfer support is missing Multiville Inc.

Specific Notes

1. Represents advances from lenders and/or proceeds from the Core sale. The balance consists of \$29.01M of lender funding, \$5.35M of proceeds from the Core sale and \$5.66M of funds substantially all advanced from a law firm which is assumed to be either proceeds from the Core sale or advances from lenders. The Monitor was not able to identify the nature of the inflows from law firm trust accounts based on the general ledger.
2. Represents receipts and disbursements among the Applicants. The receipts and disbursements are not entirely equivalent due to, among other things, missing bank statements and unidentifiable transactions. The unreconciled difference is immaterial (approximately \$17K).
3. Represents receipts from SID RWC Property Management and/or SID Management, the non-arms' length property manager responsible for collecting rental income and disbursing it to the Applicants.
4. Represents receipts and disbursements to and from shareholders, non-arms-length entities and individuals, as reflected in Appendix 2.
5. Amounts received from and disbursed to multiple sources, including miscellaneous and administrative expenses, appraisal fees, interest and bank fees, alleged marketing expenses, governmental payments and wires to unknown individuals.
6. Represents debt service and renovation expenses. In certain circumstances, the Monitor was unable to identify, based on the Applicants' information, whether a disbursement was a debt service payment or a renovation expense. Of the \$24.69M, the Monitor was able to identify \$16.23M as debt service payments. The remainder was coded in the Applicants' general ledger as a property address and is assumed to either be a debt service payment or a renovation expense.
7. Amounts paid to multiple parties, including utility providers, contractors, landscaping companies and material suppliers.
8. Payments to various credit card companies, including AMEX, VISA and Mastercard. These include both corporate and personal credit cards.
9. Payments to the Co-operators (insurance provider).
10. Amounts paid to multiple parties, including lawyers and accounting/bookkeeping fees.
11. Amounts paid to multiple parties, including for luxury accommodations, private jets, personal retail and entertainment.

Appendix “2”

Balboa Inc. et al
Appendix 2
For the Period Beginning March 2019 to January 2024
Statement of Related Party Receipts and Disbursements
(Unaudited; \$CAD)

Related Parties - Individuals	Receipts	Disbursements	Net Amount
Aruba Butt	2,200	(2,658,137)	(2,655,937)
Dividend to shareholder	-	(800,000)	(800,000)
Robert Clark	163,917	(959,435)	(795,518)
Dylan Suitor	-	(628,668)	(628,668)
Ryan Molony	-	(459,551)	(459,551)
Bronwyn Bullen	-	(293,412)	(293,412)
Shareholder Loan	21,419	(182,450)	(161,031)
██████████	-	(147,556)	(147,556)
Shareholders	2,750	(33,400)	(30,650)
██████████	-	(14,243)	(14,243)
██████████	-	(2,509)	(2,509)
██████████ (SID Developments)	-	(494)	(494)
Sub-Total - Individuals	190,286	(6,179,854)	(5,989,568)
Related Parties - Companies	Receipts	Disbursements	Net Amount
Old Thing Back	1,143,203	(3,901,806)	(2,758,603)
SID Renos	735,577	(2,543,698)	(1,808,121)
Prospect Real Estate	572,697	(1,337,402)	(764,705)
SID Management	-	(663,669)	(663,669)
Lawn Care Alert	-	(601,000)	(601,000)
One Happy Island	520,315	(1,003,500)	(483,185)
Paradisal Bliss	185,400	(649,794)	(464,394)
Elev8 Inc	-	(150,000)	(150,000)
Upgrade Housing	1,997,574	(2,135,618)	(138,044)
Efresh	-	(35,000)	(35,000)
Cobalt Prospects	2,500	(26,000)	(23,500)
Commercial Urkle	-	(23,500)	(23,500)
SID Commercial Management	-	(500)	(500)
Chubby Assets	9,500	(10,000)	(500)
Hard Rock Capital	24,238	(7,500)	16,738
Zack Files	350,000	(299,620)	50,380
Corn Soup	69,300	(10,000)	59,300
Uptown Funk	277,209	(208,227)	68,982
Happy Town Housing	783,272	(501,020)	282,252
Sub-Total - Companies	6,670,785	(14,107,854)	(7,437,069)
	6,861,071	(20,287,708)	(13,426,637)

General Note

Balances under Related Parties - Individuals identified as "Shareholder Loans" and "Shareholders" relate to receipts and disbursements where the Monitor could not identify the specific party. Any amounts described by the Applicants as "Shareholder Loans" or "Shareholders" in the general ledger, referring to a specific individual or company which the Monitor could trace are reflected in the line item referring to that specific individual or company.

Appendix “3”

APPENDIX 3: GLOSSARY OF NOTABLE INDIVIDUALS AND CORPORATE ENTITIES

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
The Principals	
<p>Robert Clark (“Mr. Clark”)</p>	<ul style="list-style-type: none"> • Additional Stay Party in the CCAA Proceedings. • Owner of SIDRWC Inc. o/a SID Developments (“SID Developments”). • Owner of SID Management Inc. (“SID Management”). • Undocumented owner in each Applicant company, through his marriage with Aruba Butt and through a ‘handshake deal’ with Dylan Suitor. • The ‘effective final decision maker’ of the Applicants. • Undocumented owner of One Happy Island Co. through his marriage with Aruba Butt. • Undocumented owner of 2657677 Ontario Inc. through a handshake deal with Mr. Suitor. • Undocumented interest in various Related Entities as that term is defined in the Report.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Aruba Butt (“ Ms. Butt ”)	<ul style="list-style-type: none"> • Additional Stay Party in the CCAA Proceedings. • Owner of 2707793 Ontario Inc. o/a SID Renos (“SID Renos”). • 100% owner (through One Happy Island Inc.) of the following Applicants: Pink Flamingo Inc., DSPLN Inc. and Balboa Inc. Subject to Mr. Clark’s undocumented interest. • 50% owner (through One Happy Island Inc.) of Happy Gilmore Inc. and Multiville Inc. Subject to Mr. Clark’s undocumented interest. • 50% owner (through One Happy Island Inc.) of Joint Captain Real Estate Inc. Subject to Mr. Clark’s undocumented interest. • 45% owner (through One Happy Island Inc.) of the Mulligan Inc. Subject to Mr. Clark’s undocumented interest. • Owner of numerous Related Parties (as defined in the Report), including Paradisal Bliss Inc. • Vendor in the Core Sale.
Dylan Suitor (“ Mr. Suitor ”)	<ul style="list-style-type: none"> • Additional Stay Party in the CCAA Proceedings. • 100% owner, through Elev8 Inc., of the Non-Applicant Parent Co. 2657677 Ontario Inc. (“265”), subject to Mr. Clark’s interest. • 100% owner (through 265) of the following Applicants: Neat Nests Inc., Hometown Housing Inc, Interlude Inc., Horses in the Back Inc., subject to Mr. Clark’s interest. • 45% Owner (through 265) of the Mulligan Inc., subject to Mr. Clark’s interest. • Owner in various percentages of numerous Related Entities, either individually through Elev8 Inc. and/or through 265 of numerous Related Parties, as that term is defined in the Report, subject to Mr. Clark’s interest.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Ryan Molony (“ Mr. Molony ”)	<ul style="list-style-type: none"> • Additional Stay Party in the CCAA Proceedings. • 100% owner of Keely Korp Inc. • 50% owner (through Keely Korp Inc.) of Multiville Inc. and Happy Gilmore Inc. • 10% owner (through Keely Korp) of The Mulligan Inc.
Bronwyn Bullen (“ Ms. Bullen ”)	<ul style="list-style-type: none"> • 50% owner of the Non-Applicant Parent Co. Sail Away Real Estate Inc. • 25% owner (through Sail Away Real Estate Inc.) of Joint Captain Real Estate Inc. • Daughter-in-law of Claire Drage. • Employee of the Windrose Group.
Samuel Drage (“ Mr. Drage ”)	<ul style="list-style-type: none"> • 50% owner of the Non-Applicant Parent Co. Sail Away Real Estate Inc. • 25% owner, through Sail Away Real Estate Inc., of Joint Captain Real Estate Inc. • Son of Claire Drage. • Employee of the Windrose Group.
The Applicants’ Principal Broker	
Claire Drage (“ Ms. Drage ”)	<ul style="list-style-type: none"> • Ms. Drage is the Principal and owner of the Windrose Group Inc. and CEO of the Lion’s Share Group. • Ms. Drage identified potential real estate investors interested in advancing first mortgage loans for each of the Properties at the Applicants’ request. Windrose received a fee for each of the first mortgage loans it arranged. Ms. Drage Brokered Investors for the Applicants. • Ms. Drage is Mr. Drage’s Mother and Bronwyn Bullen’s mother-in-law.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
The Applicants	
Balboa Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt). • Mr. Clark holds an informal and undocumented interest in the Balboa Inc. through Ms. Butt. • Incorporated on December 13, 2021. • Registered head office located at 394 Appleby Line, Burlington, Ontario. • Director: Aruba Butt. • Officer: Aruba Butt (President).
DSPLN Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt). • Mr. Clark holds an informal and undocumented interest in DSPLN Inc. through Ms. Butt. • Incorporated on February 25, 2021. • Registered head office located at 394 Appleby Line, Burlington, Ontario. • Director: Aruba Butt. • Officer: Aruba Butt (Secretary and President). • Vendor in the Core Sale.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Happy Gilmore Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt) and Keely Korp Inc. (Ryan Molony). • Mr. Clark holds an informal and undocumented interest in Happy Gilmore Inc. through Ms. Butt. • Incorporated on May 12, 2021. • Registered head office located at 394 Appleby Line, Burlington, Ontario. • Directors: Ms. Butt and Mr. Molony. • Officers: Ms. Butt (President) and Mr. Molony (Secretary). • Vendor in the Core Sale.
Multiville Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt) and Keely Korp Inc. (Ryan Molony) • Mr. Clark holds an informal and undocumented interest in Multiville Inc. through Ms. Butt • Incorporated on October 27, 2020. • Registered head office located at 394 Appleby Line, Burlington, Ontario • Directors: Ms. Butt and Mr. Molony. • Officers: Ms. Butt (President) and Mr. Molony (Secretary). • Vendor in the Core Sale.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
The Pink Flamingo Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt) and Keely Korp Inc. (Ryan Molony) • Mr. Clark holds an informal and undocumented interest in the Pink Flamingo Inc. through Ms. Butt. • Incorporated on June 5, 2020. • Registered head office located at 394 Appleby Line, Burlington, Ontario. • Director: Ms. Butt. • Officers: Ms. Butt (President and Secretary). • Vendor in the Core Sale.
The Mulligan Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt), Keely Korp Inc. (Ryan Molony) and 265 (Dylan Suitor). • Mr. Clark holds an informal and undocumented interest in the Mulligan Inc. through Ms. Butt and Mr. Suitor. • Incorporated on February 1, 2021. • Registered head office located at 394 Appleby Line, Burlington, Ontario. • Directors: Ms. Butt, Mr. Molony and Mr. Suitor. • Officers: No active officers as of January 3, 2024.
Hometown Housing Inc.	<ul style="list-style-type: none"> • Owned by 265 (Dylan Suitor), in which Mr. Clark holds an informal and undocumented 50% interest. • Incorporated on March 1, 2019. • Registered head office located at [REDACTED]. • Director: Mr. Suitor. • Officer: Mr. Suitor. • Vendor in the Core Sale.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Horses in the Back Inc.	<ul style="list-style-type: none"> • Owned by 265 (Dylan Suitor), in which Mr. Clark holds an informal and undocumented 50% interest. • Incorporated on July 24, 2020. • Registered head office located at [REDACTED]. • Director: Mr. Suitor. • Officer: Mr. Suitor. • Vendor in the Core Sale.
Interlude Inc.	<ul style="list-style-type: none"> • Owned by 265 (Dylan Suitor), in which Mr. Clark holds an informal and undocumented 50% interest. • Incorporated on November 13, 2020. • Registered head office located at [REDACTED]. • Director: Mr. Suitor. • Officer: Mr. Suitor. • Vendor in the Core Sale.
Neat Nests Inc.	<ul style="list-style-type: none"> • Owned by 265 (Dylan Suitor), in which Mr. Clark holds an informal and undocumented 50% interest. • Incorporated on March 1, 2019. • Registered head office located at [REDACTED]. • Director: Mr. Suitor. • Officer: Mr. Suitor.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Joint Captain Real Estate Inc.	<ul style="list-style-type: none"> • Owned by One Happy Island Inc. (Aruba Butt), subject to Mr. Clark's undocumented interest, and Sail Away Real Estate Inc. (Ms. Bullen and Mr. Drage) • Incorporated on February 23, 2021. • Registered head office located at 394 Appleby Line, Burlington, Ontario • Director: Ms. Butt and Mr. Molony. • Officers: Ms. Butt (President), Mr. Drage (Secretary) and Ms. Bullen (Treasurer). • Vendor in the Core Sale.
Non-Applicant Parent Companies	
One Happy Island Inc.	<ul style="list-style-type: none"> • Owned by Aruba Butt, subject to Mr. Clark's undocumented interest. • 100% owner of Balboa Inc., The Pink Flamingo Inc. and DSPLN Inc. • 50% owner of Multiville Inc., Happy Gilmore Inc. and Joint Captain Real Estate. • 45% owner of the Mulligan Inc.
Sail Away Real Estate Inc.	<ul style="list-style-type: none"> • Owned by Mr. Drage and Ms. Bullen • 50% owner of Joint Captain Real Estate Inc.
2657677 Ontario Inc.	<ul style="list-style-type: none"> • Owned by Mr. Sutor, through Elev8 Inc., subject to Mr. Clark's undocumented interest. • Owns 100% of the following Applicant Corporations: Neat Nests Inc., Hometown Housing Inc. Interlude Inc. and Horses in the Back Inc. • Owns 100% of the following Related Entities: Prospect Real Estate Inc.; Upgrade Housing Inc., Old Thing Back Inc., Happy Town Housing Inc. and Up-Town Funk Inc., subject to Mr. Clark's undocumented interest. • Owns 45% of The Mulligan Inc, subject to Mr. Clark's undocumented interest.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Keely Korp Inc.	<ul style="list-style-type: none"> • Owned by Ryan Molony. • 50% owner of Multiville Inc. and Happy Gilmore Inc. • 10% owner of The Mulligan Inc.
SID Companies	
SIDRWC Inc. o/a SID Developments	<ul style="list-style-type: none"> • Owned by Mr. Clark (who is also sole director and officer). • Does not appear to play a large role as it relates to the Applicants' Business.
SID Management Inc.	<ul style="list-style-type: none"> • A property management company owned by Mr. Clark (who is also sole director and officer). • Provides property management services to the Applicants, including collecting rent, leasing rental units, addressing tenant issues and coordinating the performance of repairs and maintenance on the properties. • Collects rent directly from the Applicants' tenants, from which it deducts its Property Management Fees and Tenancy Management Fees. SID Management is intended to remit the balance of rent collected to the applicable Applicant.
2707793 Ontario Inc. o/a SID Renos	<ul style="list-style-type: none"> • Owned by Ms. Butt, who is also the sole director. • Manages the renovation and construction of the Applicants' properties. • Is "responsible for contacting, approving and overseeing all of the third-party contractors, trades and service providers required to complete the Applicant's unrenovated properties." • Officer: Mr. Molony (President)
Non-Applicant Related Entities	
Lawn Care Alert	<ul style="list-style-type: none"> • Entity owned or formally owned by Mr. Clark.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Paradisal Bliss Inc.	<ul style="list-style-type: none"> • Entity owned by Ms. Butt. • Received funds from the Applicants through retaining and paying Paradisal Bliss for cleaning services, which may or may not have been performed. • Received funds from the Applicants for rental expense in relation to the Burlington Office, as that term is defined in the Report.
Zack Files Real Estate Inc.	<ul style="list-style-type: none"> • Entity owned by Ms. Butt.
Cobalt Properties Inc.	<ul style="list-style-type: none"> • Entity owned by Ms. Butt.
Elev8 Inc.	<ul style="list-style-type: none"> • Entity owned by Mr. Suitor. • 100% owner of the Non-Applicant Parent Co. 265.
Elevation Realty Network Inc.	<ul style="list-style-type: none"> • Mr. Suitor’s real estate corporation, not owned by Elev8 Inc. or 265.
Old Thing Back Inc.	<ul style="list-style-type: none"> • A subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”. • Vendor in the Core Sale.
Prospect Real Estate Inc.	<ul style="list-style-type: none"> • A subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”.
Upgrade Housing Inc.	<ul style="list-style-type: none"> • A subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”. • Vendor in the Core Sale.
Happy Town Housing Inc.	<ul style="list-style-type: none"> • A subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”. • Vendor in the Core Sale.
Up-Town Funk Inc.	<ul style="list-style-type: none"> • A subsidiary company of 265, owned by Mr. Suitor, in which Mr. Clark holds “an informal and undocumented 50% interest”. • Vendor in the Core Sale.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
Conduit Asset Management Inc.	<ul style="list-style-type: none"> Entity owned by Mr. Suitor. Officers: Dylan Suitor (CEO); [REDACTED]
Corn Soup Inc.	<ul style="list-style-type: none"> Mr. Clark confirmed he has an undocumented ownership interest in this corporation. Vendor in the Core Sale.
Hard Rock Capital Inc.	<ul style="list-style-type: none"> Ms. Butt was an indirect 50% shareholder at the time of the Core Sale. Vendor in the Core Sale.
Commercial Urkle Inc.	<ul style="list-style-type: none"> Entity owned by Mr. Suitor or one of his corporations.
Northern Caboodle Inc.	<ul style="list-style-type: none"> Entity owned by Ms. Butt.
EFresh Market Inc./EFresh Meals Inc.	<ul style="list-style-type: none"> Entity formerly owned by Mr. Clark or one of his various corporations.
Chubby Assets Inc.	<ul style="list-style-type: none"> Entity owned by Ms. Butt
BoredWalk Inc.	<ul style="list-style-type: none"> Entity in which Mr. Clark has an informal and undocumented 50% interest. Vendor in the Core Sale.
Parkplace Inc.	<ul style="list-style-type: none"> Entity in which Mr. Clark confirmed he has an informal and undocumented 50% interest in this company. Vendor in Core Sale
Lenders & Financial Companies	
Windrose Group Inc.	<ul style="list-style-type: none"> A company incorporated pursuant to the laws of the Province of Ontario and owned and controlled by Ms. Drage. Broker that sourced first mortgage loans for the Applicants. A direct lender to the Applicants. Employer of Principals of Joint Captain, Mr. Drage and Ms. Bullen.

Individuals and Corporate Entities	Role, Ownership Interest and Other Details
The Lion's Share Group Inc.	<ul style="list-style-type: none"> • Broker that sourced promissory note loans for the Applicants. • Unsecured Lender to the Applicants via promissory note loans.
Lift Capital Incorporated	<ul style="list-style-type: none"> • Provider of second mortgage loans for the Applicants. • Most second mortgage loans are blanket mortgages involving more than one Property, with multiple Applicants.
Secured Lenders	<ul style="list-style-type: none"> • First and Second Mortgage holders in relation to the Applicants' Properties. Represented in the CCAA Proceedings by Chaitons LLP.
Unsecured Lenders	<ul style="list-style-type: none"> • Promissory note holders in relation to the Applicants' Properties. Represented in the CCAA Proceedings by Goldman Sloan Nash & Harber LLP.
Howards Capital Corp	<ul style="list-style-type: none"> • Financial Advisor to the Applicants.
Harbour Mortgage Corp	<ul style="list-style-type: none"> • Debtor-in-possession Lender.
Olympia Trust Company	<ul style="list-style-type: none"> • Administrator for many of the first mortgage loans.
Other Entities and Individuals	
Core Acquisition Co Inc.	<ul style="list-style-type: none"> • Purchaser of approximately 223 properties from the Applicants and certain other sellers in or around May 2022.
██████████ ██████████	<ul style="list-style-type: none"> • Mr. Suitor's chief of staff and a partial owner at Conduit Asset Management.
Green Lily Inc.	<ul style="list-style-type: none"> • Entity owned by ██████████ and/or one of her corporations.
Grow Ontario Property Management Inc.	<ul style="list-style-type: none"> • Entity owned by ██████████ and/or one of her corporations.
MTDS Investments Inc.	<ul style="list-style-type: none"> • Entity owned by ██████████ and/or one of her corporations.

Appendix “4”

APPENDIX 4: CHART OF TRANSACTIONS WITH NOTABLE TIMING

Applicant	Time Period	Details of Money In	Details of Money Out	Notes	
DSPLN Inc.	Jun-22	June 6, 2022: \$510,269.29 from Nekzai Law (characterized in General Ledger as “Net Proceeds from Core Sale”); \$25,999.43 from an unknown source (characterized in General Ledger as “Rental Income”)	June 10, 2022: \$30,000 to SID Renos; \$25,000 to SID Renos June 13, 2022: \$60,000 to SID Renos; \$125,000 (characterized in General Ledger as being “Due to/From Robert Clark”)	Regarding the June 16, 2022 payment to ██████████, the Applicants confirmed that this payment was “personal in nature and was incurred for the purpose of providing financial support to ██████████, during a health crisis”.	
		June 9, 2022: \$25,000 from Multiville	June 15, 2022: \$15,000 to SID Renos June 16, 2022: \$10,000 e-transfer to ██████████ June 17, 2022: \$10,000 to SID Renos (memo notes “SID BONUS”) June 27, 2022: \$30,000 to Aruba Butt personal account		
	Jan-23	January 12, 2023: \$49,500 from Lion's Share	January 13, 2023: \$30,000 to Paradisal Bliss bank account		On January 3, 2023, 23 attempted transfers were returned due to insufficient funds. In this period of time, DSPLN was charged \$1,104 in NSF Fees.
		January 20, 2023: \$495,968.60 from Nekzai Law (Proceeds from Lift Capital Mortgage)	January 20, 2023: \$35,000 to DSPLN account; \$22,000 to Aruba Butt personal account; \$23,000 to SID Management; \$30,000 to SID Renos		

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
	Apr-23	April 13, 2023: \$453,727.70 from Nekzai Law (Proceeds from Lift Capital Mortgage)	April 13, 2023: \$40,000 to DSPLN account; \$34,000 to Aruba Butt personal account; \$12,000 to Aruba Butt personal account; \$26,000 to SID Renos April 14, 2023: \$11,000 to SID Management	
		April 14, 2023: \$280,425.67 from Nekzai Law (Proceeds from Lift Capital Mortgage)	April 17, 2023: \$25,000 to Zack Files Real Estate; \$20,000 to Prospect Real Estate; \$13,595 unidentified "DEFT SETTLEMENT" payment	
		April 18, 2023: \$100,000 from Nekzai Law (Proceeds from Lift Capital Mortgage)	April 18, 2023: \$10,000 to Prospect Real Estate; \$8,000 to Aruba Butt personal account April 20, 2023: \$30,000 to Aruba Butt personal account April 21, 2023: \$30,000 to Paradisal Bliss; \$10,000 to Aruba Butt personal account; \$8,000 to Aruba Butt personal account April 24, 2023: \$40,000 to Aruba Butt personal account April 25, 2023; \$5,000 to Aruba Butt personal account; \$10,000 to Aruba Butt personal account	
	May-23	May 19, 2023: \$50,000 from Happy Gilmore	May 19, 2023: \$45,000 to Aruba Butt personal account	

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
		May 19, 2023: \$45,000 from Interlude	May 19, 2023: \$40,203.48 to "Diamond Vacation Homes"	
		May 24, 2023: \$40,000 from Happy Gilmore	May 25, 2023: \$12,000 to Aruba Butt personal account	
	Jun-23	June 1, 2023: \$30,000 from SID Management; \$10,000 from SID Management	June 1, 2023: \$10,000 to Aruba Butt personal account	
		June 5, 2023: \$50,000 from Joint Captain Real Estate	June 6, 2023: \$10,000 to Aruba Butt personal account	
		June 9, 2023: \$79,534.03 from Nekzai Law (Proceeds from Lift Capital Mortgage)	June 9, 2023: \$5,000 to Aruba Butt personal account; \$3,000 to SID Management; \$8,000 to Aruba Butt personal account June 12, 2023: \$6,600 to SID Renos; \$35,000 to SID Renos	10 NSF fees/transactions occur immediately following the June 12, 2023 transfers to SID Renos
		June 29, 2023: \$59,004.70 from Nekzai Law (Proceeds from Lift Capital Mortgage)	June 29, 2023: \$8,000 to Aruba Butt personal account; \$1,500 to Aruba Butt personal account June 30, 2023; \$20,000 to Paradisal Bliss	
	Jul-23	July 26, 2023: \$275,745.68 from Nekzai Law (Proceeds from Lift Capital Mortgage)	July 26, 2023: \$25,000 to Aruba Butt personal account; \$8,000 to SID Renos; \$140,000 to Happy Island	
	Aug-23	August 1, 2023: \$45,000 from Happy Island	August 1, 2023: \$42,446.13 to Lift Capital Incorporated	

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
		August 16, 2023: \$155,241.51 from Nekzai Law (Proceeds from Lift Capital Mortgage)	August 17, 2023: \$43,710.07 to Lift Capital Incorporated; \$35,000 to Zack Files Real Estate; \$15,000 to Aruba Butt personal account August 18, 2023: \$12,000 to Aruba Butt personal account	Transfers occur immediately before numerous NSF fees
Happy Gilmore	May-23	May 18, 2023: \$519,262.31 from Nekzai Law (Proceeds from Lift Capital Mortgage)	May 18, 2023: \$20,000 to Aruba Butt personal account; \$15,000 to Aruba Butt personal account May 19, 2023: \$50,000 to DSPLN May 23, 2023: \$15,000 to SID Renos; \$5,000 to SID Renos May 25, 2023: \$210,000 to SID Management	Ms. Butt confirmed that immediately after transferring \$50,000 to DSPLN on May 19, 2023, she transferred \$45,000 to her personal account Transfers occur immediately after numerous NSF fees, and \$210,000 transfer to SID Management occurs immediately before more NSF fees
	Jul-23	July 31, 2023: \$117,113.61 from Nekzai Law (Proceeds from Lift Capital Mortgage)	July 31, 2023: \$10,000 to SID Renos; \$100,000 to Happy Island	These transfers follow an entire month of NSF fees Following the \$100,000 payment to Happy Island, other than a few smaller transfers in and out of Happy Gilmore's accounts, all payments are returning as NSF in October 2023, and the account is frozen in November 2023
	Aug-23	August 1, 2023: \$28,000 from Happy Island	August 1, 2023: \$26,393.87 to Lift Capital Incorporated	

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
		August 3, 2023: \$15,000 from SID Management	August 3, 2023: \$13,000 to Aruba Butt personal account	Transfers occur immediately before numerous NSF fees for the balance of August 2023
Interlude	Nov-21	November 23, 2021: \$338,155.65 from an unknown source	November 23, 2021: \$150,000 to Old Thing Back November 26, 2021: \$75,000 to Old Thing Back November 30, 2021: \$67,946.18 to JLN Connect	JLN Connect is allegedly a charity raising funds for underprivileged youth. We have yet to receive an explanation or a compelling business reason for this donation, or why they were supporting a charity with its registered office in New York.
	Jun-22	June 6, 2022: \$1,020,210.43 from an unknown source	June 15, 2022: \$150,000 to an unknown account Identified as Due to/from Elev8 Inc. in the GL; \$10,000 to Cobalt Properties; and \$150,000 "DEFT SETTLEMENT" in respect of "legal & professional fees" June 28, 2022: \$50,000 to Prospect Real Estate	Unknown account is account number [REDACTED]
	Aug-22	August 8, 2022: \$162,617.99 from an unknown source	August 8, 2022: \$153,341.41 "DEFT SETTLEMENT" in respect of "legal & professional fees"	
	Nov-22	November 30, 2022: \$539,347.66 from Nekzai Law (characterized as net proceeds from Core Sale)	November 30, 2022: \$105,000 to SID Renos; \$10,000 to Happy Town Housing	Transfers follow weeks of NSF fees/transactions

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
Hometown Housing	May-20	May 15, 2020: \$335,751.74 from an unknown source (characterized in General Ledger as "GC deposit" and "Net Proceeds from Core Sale")	<p>May 15, 2020: \$57,000 AMEX Payment (previously unidentified credit card) identified as due to/from Robert Clark in the GL; \$60,000 to Old Thing Back</p> <p>May 19, 2020: \$10,000 to Up-Town Funk; \$10,000 to Upgrade Housing</p> <p>May 20, 2020: \$20,000 AMEX Payment (previously identified credit card) identified as due to/from Robert Clark in the GL</p>	The Core Sale had not closed by this point in time, so the May 15, 2020 transaction is likely mislabeled.
	Jul-20	July 7, 2020: \$780,819.08 (characterized in General Ledger as "GC deposit" and "Net Proceeds from Core Sale")	<p>July 7, 2020: \$35,000 AMEX Payment identified as due to/from Dylan Sutor in the GL; \$60,000 to Old Thing Back; \$5,000 to Up-Town Funk; \$5,000 to Upgrade Housing; \$3,000 to Happy Town Housing; \$10,000 Scotia Visa Payment identified as due to/from Dylan Sutor in the GL</p> <p>July 8, 2020: \$20,000 AMEX Payment identified as due to/from Dylan Sutor in the GL; \$10,000 AMEX Payment identified as due to/from Dylan Sutor in the GL</p> <p>July 9, 2020: \$93,251.70 to account 5219627 (characterized in General Ledger as being "Due To/From Robert Clark"); \$5,000 to Old Thing Back</p>	The Core Sale had not closed by this point in time, so the July 7, 2020 transaction is likely mislabeled.

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
			<p>July 13, 2020: \$25,000 AMEX Payment identified as due to/from Dylan Suitor in the GL; \$5,000 to Upgrade Housing; \$5,000 to Old Thing Back</p> <p>July 14, 2020: \$6,000 to Upgrade Housing; \$3,000 to Old Thing Back; \$3,000 to Old Thing Back; \$3,000 to Happy Town Housing</p> <p>July 16, 2020: \$3,000 to Up-Town Funk; \$3,000 to Upgrade Housing; \$20,000 AMEX Payment identified as due to/from Dylan Suitor in the GL; \$10,000 to Old Thing Back</p> <p>July 17: \$13,000 Scotia Visa Payment identified as due to/from Dylan Suitor in the GL; \$30,000 AMEX Payment identified as due to/from Dylan Suitor in the GL</p>	
	Feb-22	February 1, 2022: \$10,000, \$10,000, and \$5,000 e-transfers from unknown sources identified as Happy Town Housing per the GL	February 1, 2022: \$15,000 to Upgrade Housing; \$24,000 to Upgrade Housing	As at the time of these payments, this account is already running a deficit
	May-22	May 9, 2022: \$775,233.38 wire payment (characterized in General Ledger as "Net Proceeds from Core Sale")	<p>May 11, 2022: \$800,050 to Interlude</p> <p>May 17, 2022: \$15,000 to Old Thing Back</p>	

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
		May 11, 2022: \$300,000 from Happy Town Housing	May 18, 2022: \$50,000 to Neat Nests	
	Jul-23	July 26, 2023: \$304,054.00 from an unknown source (Proceeds from Lift Capital Mortgage)	July 26, 2023: \$5,000 to Upgrade Housing; \$6,500 to Upgrade Housing July 27, 2023: \$255,000 to Upgrade Housing	
	Aug-23	N/A	August 1, 2023: \$24,707.87 to Lift Capital Incorporated August 2, 2023: \$15,000 to Aruba Butt personal account; \$10,900 to Happy Town Housing August 3, 2023: \$40,000 to Happy Island	
	Sep-23	N/A	September 5, 2023: \$25,000 to Upgrade Housing	As at the time of this payment, this account is already running a deficit
Horses in the Back	Sep-21	September 10, 2021: \$49,500 from an unknown source (identified as a housing loan)	September 13, 2021: \$30,000 to Old Thing Back September 14, 2021: \$25,000 to Old Thing Back	
		September 16, 2021: \$49,490.05 from an unknown source (identified as a housing loan) September 17, 2021: \$98,982.50 from an unknown source (identified as a housing loan)	September 20, 2021: \$10,000 to Old Thing Back; \$50,000 to Old Thing Back September 22, 2021: \$20,000 to Old Thing Back; \$10,000 to Up-Town Funk	

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
			September 28: \$55,000 to Old Thing Back	
	Oct-21	October 12, 2021: \$99,000 from an unknown source (identified as a housing loan)	October 14, 2021: \$6,500 to Old Thing Back; \$10,000 to Up-Town Funk October 18, 2021: \$60,000 to Old Thing Back; \$7,000 to Old Thing Back	
	Nov-21	November 1, 2021: \$99,000 from an unknown source (identified as a housing loan)	November 1, 2021: \$35,000 to Old Thing Back; \$10,000 to Old Thing Back November 2, 2021: \$10,000 to Upgrade Housing	
	May-22	May 9, 2022: \$242,902.30 from an unknown source	N/A	These funds stay in the corporate account until around August 2022, when they are transferred out of the Applicant group (see below)
	Aug-22	N/A	August 18, 2022: \$100,000 to Upgrade Housing August 26, 2022: \$50,000 to Upgrade Housing	
	Joint Captain	May-22	May 9, 2022: \$927,897.52 from Nekzai Law (identified as proceeds from Core Sale)	May 11, 2022: \$400,000 dividend payment to Ms. Butt (the sole owner of Happy Island, a 50% shareholder of Joint Captain); \$400,000 dividend payment to Sail Away

Applicant	Time Period	Details of Money In	Details of Money Out	Notes
Neat Nests	Aug-20	August 24, 2020: \$98,937.50 from an unknown source (identified as a housing loan)	August 24, 2020: \$60,000 to Old Thing Back August 25, 2020: \$10,000 to Old Thing Back	
		August 31, 2020: \$49,437.50 from an unknown source (identified as housing loan)	August 31, 2020: \$50,000 to Old Thing Back	
	Oct-20	October 28, 2020: \$99,000 from an unknown source (identified as housing loan)	October 28, 2020: \$98,000 to Old Thing Back	
	May-21	May 14, 2021: \$98,937.50 from an unknown source (identified as housing loan)	May 17, 2021: \$100,000 to Old Thing Back	
	Jun-21	June 22, 2021: \$98,937.50 from an unknown source (identified as a promissory note); \$49,500 from [REDACTED] (promissory note)	June 29, 2021: \$100,000 to Old Thing Back	
	Aug-21	August 4, 2021: \$148,500 from an unknown source (identified as promissory note)	August 13, 2021: \$60,000 to Old Thing Back August 16, 2021: \$50,000 to Old Thing Back	
	Oct-22	October 11, 2022: \$247,482.50 from an unknown source (identified as a promissory note)	October 12, 2022: \$10,000 to Upgrade Housing; \$10,000 to Happy Town Housing; \$10,000 to Up-Town Funk; \$220,000 to Upgrade Housing	

Applicant	Time Period	Details of Money In	Details of Money Out	Notes	
Pink Flamingo	Jun-23	June 15, 2023: \$176,298.86 from Nekzai Law (Proceeds from Lift Capital Mortgage)	June 15, 2023: \$15,000 to Aruba Butt personal account; \$10,000 to Aruba Butt personal account		
			June 16, 2023: \$10,000 to Aruba Butt personal account; \$20,000 to SID Renos; \$10,000 to SID Renos		
			June 19, 2023: \$2,500 to Aruba Butt personal account; \$5,000 to Aruba Butt personal account		
	Jul-23	July 21, 2023: \$123,180.45 from Nekzai Law (Proceeds from Lift Capital Mortgage)	July 21, 2023: \$5,000 to Aruba Butt personal account; \$53,000 to Paradisal Bliss; \$20,000 to SID Renos; \$25,000 to SID Management; \$13,000 to Aruba Butt personal account	Transfers occur immediately after numerous NSF fees	
			July 24, 2023: \$15,000 from SID Management		July 24, 2023: \$14,000 to Aruba Butt personal account
			July 28, 2023: \$435,340.49 from Nekzai Law (Proceeds from Lift Capital Mortgage)		July 28, 2023: \$410,000 to Happy Island
	Aug-23	August 1, 2023: \$12,000 from Happy Island	August 1, 2023: \$10,785.16 to Lift Capital Incorporated		
August 17, 2023: \$12,000 from DSPLN			August 17, 2023: \$10,695.93 to Lift Capital Incorporated		