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**Estate File No.: 31-3095661**

**IN THE MATTER OF THE BANKRUPTCY OF  
TLSFD TAURASI HOLDINGS CORP.  
OF THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

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

## **1.0 Introduction**

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on May 2, 2023 (the "Receivership Order"), KSV Restructuring Inc. ("KSV") was appointed receiver and manager (the "Receiver") of the property, assets and undertaking owned by Stateview Homes (Nao Towns) Inc., Stateview Homes (Minu Towns) Inc., Stateview Homes (High Crown Estates) Inc., Stateview Homes (On the Mark) Inc. and TLSFD Taurasi Holdings Corp. ("Taurasi Holdings"), including their real property (the "Real Property" and together with all other property, the "Property").
2. Taurasi Holdings is part of the Stateview Group of Companies (the "Stateview Group"). As at the date of the Receivership Order, Taurasi Holdings owned four industrial properties totalling approximately 115,900 square feet of leasable area which were substantially all occupied (each an "Industrial Property" and together the "Industrial Properties"). The Industrial Properties were Taurasi Holdings' only significant assets.
3. On June 5, 2023, the Court issued an order (the "Sale Process Order") approving a sale process (the "Sale Process") for the Industrial Properties.
4. In accordance with the Sale Process Order, the Receiver retained Jones Lang LaSalle Real Estate Services, Inc. ("JLL") to list the Industrial Properties for sale. The Receiver conducted the Sale Process, pursuant to which it sold all four Industrial Properties as described below.

### **First TLSFD Transaction**

5. On November 16, 2023, the Court issued:
  - a) an Approval and Vesting Order (the “November 16<sup>th</sup> AVO”), among other things, approving a transaction (the “First TLSFD Transaction”) for three of the four Industrial Properties between the Receiver and KingSett Real Estate Growth LP No. 8, by its general partner, KingSett Real Estate Growth GP No. 8 Inc. (“KingSett REG”), pursuant to an agreement of purchase and sale dated October 18, 2023; and
  - b) a Distribution Order (the “November 16<sup>th</sup> Distribution Order”), among other things, authorizing and directing the Receiver to make certain payments and distributions and maintain certain reserves from the proceeds of the First TLSFD Transaction.
6. The First TLSFD Transaction was detailed in the Receiver’s Report to Court dated November 8, 2023 (the “Sixth Report”), and, accordingly, is not detailed herein. The First TLSFD transaction closed on November 30, 2023.

### **Second TLSFD Transaction**

7. On May 3, 2024, the Court issued:
  - a) an Approval and Vesting Order (the “May 3<sup>rd</sup> AVO”), among other things, approving a transaction (the “Second TLSFD Transaction” and together with the First TLSFD Transaction, the “TLSFD Transactions”) for the sole remaining Industrial Property between the Receiver and Rovito Investments (BT) Inc. (“Rovito” and together with KingSett REG, the “Purchasers”), pursuant to an agreement of purchase and sale dated April 3, 2024;
  - b) a Distribution Order (the “May 3<sup>rd</sup> Distribution Order” and together with the November 16<sup>th</sup> Distribution Order, the “Distribution Orders”), among other things, authorizing and directing the Receiver to make certain payments and distributions and maintain certain reserves from the proceeds of the Second TLSFD Transaction; and
  - c) a Bankruptcy Order (the “Bankruptcy Order”), pursuant to a motion brought by KingSett Mortgage Corporation (“KingSett”), the principal secured creditor of Taurasi Holdings, among other things: (i) authorizing and directing the Receiver to file an assignment in bankruptcy in respect of Taurasi Holdings pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“BIA”); (ii) naming KSV as trustee in bankruptcy (in such capacity, the “Trustee”) and authorizing and empowering KSV to act in such capacity; and (iii) providing that all proceeds from the property of Taurasi Holdings realized by the Receiver prior to, on or after the bankruptcy of Taurasi Holdings, including the proceeds from the TLSFD Transactions, will be maintained by the Receiver in a segregated account of the Receiver and will not form part of the bankruptcy estate of Taurasi Holdings.

8. The Second TLSFD Transaction was detailed in the Receiver's Report to Court dated April 29, 2024 (the "Ninth Report"), and, accordingly, is not detailed herein. The Second TLSFD transaction closed on June 20, 2024.
9. On June 21, 2024, the Receiver assigned Taurasi Holdings into bankruptcy pursuant to the BIA. KSV was appointed the Trustee of Taurasi Holdings, subject to affirmation at the First Meeting of Creditors to be held on July 12, 2024.

## 1.1 Restrictions

1. In preparing this Report, the Trustee has relied upon: (i) discussions with the management (the "Management") of the Stateview Group; (ii) Taurasi Holdings' unaudited financial information; (iii) information provided by KingSett; (iv) discussions with various stakeholders in these proceedings (including their legal representatives); and (v) the receivership application materials (collectively, the "Information").
2. The Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance as contemplated under the CAS in respect of the Information. Any party wishing to place reliance on the Information should perform its own diligence and the Trustee accepts no responsibility for any reliance placed on the Information in this Report by any party.
3. Additional background information regarding Taurasi Holdings and the reasons for the appointment of the Trustee are provided in the motion materials of KingSett. Copies of the Court materials filed to-date in this proceeding and the receivership proceeding in respect of Taurasi Holdings (the "Receivership Proceeding") are available on the [Receiver's website](#) (the "Website").
4. All references to dollar amounts in this report are to Canadian dollars, unless otherwise stated.

## 2.0 Background

1. The Stateview Group is a real estate developer with its head office in Vaughan, Ontario. The Stateview Group has been in business since 2010 and primarily develops low-rise residential projects in Southern Ontario.
2. Several Stateview Group companies are not subject to receivership proceedings (the "Non-Receivership Companies"), including Stateview Construction Ltd. which provided administrative and management services to companies in the Stateview Group. The principals of the Stateview Group are Carlo Taurasi, the Chief Executive Officer, and Dino Taurasi, the President (together, the "Taurasis").
3. As at the date of the Receivership Order, Taurasi Holdings' only significant assets were the fully tenanted Industrial Properties located in Vaughan, Ontario.
4. The Trustee understands that Taurasi Holdings does not have any employees and that all employees involved with Taurasi Holdings are currently, or were previously, employed by one or more of the Non-Receivership Companies.

### 3.0 Assets

1. As a result of the TLSFD Transactions, substantially all of Taurasi Holdings' assets were vested in the Purchasers and Taurasi Holdings neither carries on any ongoing business nor holds any remaining assets of any significant value.
2. Additionally, as set out above, pursuant to the Bankruptcy Order, the proceeds from any property of Taurasi Holdings that are realized by the Receiver prior to, on or after the commencement of this bankruptcy proceeding, including the proceeds of the TLSFD Transactions, continue to be maintained by the Receiver in a segregated account, separate and apart from the bankrupt estate and will be distributed in the Taurasi Holdings Receivership Proceeding.

### 4.0 Creditors

#### 4.1 Secured Creditors

##### 4.1.1 KingSett

1. KingSett is the principal secured creditor of Taurasi Holdings. As at October 31, 2023 KingSett was owed approximately \$32 million, plus accruing interest and costs (the "KingSett Indebtedness"). KingSett's security in respect of the Industrial Properties consists of, among other things, (i) general security agreements delivered by Taurasi Holdings to KingSett (granting a security interest and lien against Taurasi Holdings' personal property situated on, used in connection with or derived from the Industrial Properties; and (ii) first and second mortgages/charges and general assignment of rents and leases registered against title to the Industrial Properties (collectively, all KingSett loan and security documents with respect to Taurasi Holdings are referred to herein as the "KingSett Mortgage Loan Security Documents").
2. During the Receivership Proceedings, the Receiver's counsel issued an opinion, subject to the standard qualifications and assumptions, confirming the validity and enforceability of the KingSett Mortgage Loan Security Documents.
3. In accordance with the Distribution Orders, to date, the Receiver has distributed to KingSett the amount of approximately \$32.4 million. As at July 3, 2024, the amount owing to KingSett was approximately \$1.2 million (plus accruing interest and costs).

##### 4.1.2 TD Bank

1. The Stateview Group previously had bank accounts (the "TD Accounts") at Toronto Dominion Bank ("TD Bank"). On March 23, 2023, TD Bank commenced an action against various Stateview Group companies and other parties, including, *inter alia*, Taurasi Holdings and the Taurasis (collectively, the "TD Action Defendants") to attempt to recover an approximate \$37 million loss resulting from a "cheque kiting" scheme that took place between April 2022 to March 2023. The Taurasis allege that the Stateview Group's former Chief Financial Officer, Daniel Ciccone, was responsible for the scheme.

2. Certain of the TD Action Defendants, including Taurasi Holdings and the Taurasis (together, the “Settlement Parties”) entered into a Settlement Agreement with TD Bank dated March 31, 2023 (the “TD Settlement Agreement”), pursuant to which, *inter alia*, they acknowledged their joint and several liability to TD Bank arising out of the kiting scheme. In connection with the Settlement Agreement, TD Bank was granted (and subsequently registered) mortgages on the Real Property owned by Taurasi Holdings and certain of the other companies within the Stateview Group to secure the amounts owing to TD Bank under the Settlement Agreement (collectively, the “TD Mortgages”).
3. KSV, in its capacities as Receiver and Trustee, has not made any independent inquiries into the circumstances giving rise to the granting and registration of the TD Mortgages, nor has it obtained an opinion on the TD Mortgages.

#### **4.1.3 Deemed Trust Claims**

1. The Receiver received a letter from the Canada Revenue Agency (“CRA”) dated May 16, 2023 indicating that Taurasi Holdings owes the CRA approximately \$340,000 in respect of unpaid harmonized sales tax (“HST”), \$130,624.22 of which the CRA asserts is a deemed trust claim.

#### **4.2 Other Creditors**

1. Based on Taurasi Holdings’ books and records, as at the date of the Receivership Order, Taurasi Holdings’ unsecured and other obligations were approximately \$82,000.

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

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

### **5.0 Books and Records**

1. The Trustee has taken possession of the books and records required to complete its duties and obligations under the BIA. The Trustee has requested the Taurasi Holdings’ minute books from Management.

### **6.0 Preferences and Transfers at Undervalue**

1. As part of its statutory duties, the Trustee is required to conduct a preliminary review for potential preferences and transfers at undervalue by examining Taurasi Holdings’ bank statements and accounting records for the year preceding the date of bankruptcy.
2. The Trustee has requested and received relevant bank statements and accounting records of Taurasi Holdings from the banking institutions where Taurasi Holdings conducted business, but has not yet reviewed such records at this time. The Trustee intends to provide a further update to the inspectors (once appointed) on this matter.

**7.0 Payment of KSV’s Bankruptcy Proceeding Fees**

- 1. Pursuant to the Bankruptcy Order, the Receiver is authorized and empowered to fund the costs of administering the bankruptcy estate of Taurasi Holdings from the property of Taurasi Holdings. In that regard, the Receiver is maintaining a reserve from the proceeds of the TLSFD Transactions to fund the costs to administer the bankruptcy in accordance with the Bankruptcy Order.

**8.0 Anticipated Realization and Projected Distribution**

- 1. Substantially all of Taurasi Holdings’ right, title and interest in and to the assets of Taurasi Holdings were sold through the TLSFD Transactions and subject to the KingSett Indebtedness. Additionally, pursuant to the Bankruptcy Order, any proceeds realized by the Receiver on the property of Taurasi Holdings remain within the Receivership Proceedings and do not form part of the bankruptcy estate of Taurasi Holdings. As a result, the Trustee does not expect there will be funds available for distribution to Taurasi Holdings’ creditors in the bankruptcy.

**9.0 Other Matters**

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

\* \* \*

DATED at Toronto, Ontario, this 11<sup>th</sup> day of July, 2024.

*KSV Restructuring Inc.*  
**KSV RESTRUCTURING INC.**  
**IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF**  
**TLSFD TAURASI HOLDINGS CORP.**  
**AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**