



COURT FILE NUMBER: CV-23-00698576-00CL

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

B E T W E E N:

KINGSETT MORTGAGE CORPORATION AND DORR CAPITAL CORPORATION

APPLICANT

- AND -

**STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS)
INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS
CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.**

RESPONDENTS

**IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED, AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**NINTH REPORT OF
KSV RESTRUCTURING INC.
AS RECEIVER AND MANAGER**

APRIL 29, 2024

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. (“Nao”), Stateview Homes (Minu Towns) Inc. (“Minu”), Stateview Homes (High Crown Estates) Inc. (“High Crown”), Stateview Homes (On the Mark) Inc. (“On the Mark”) and TLSFD Taurasi Holdings Corp. (“Taurasi Holdings”), including their real property (the “Real Property” and together with all other property, the “Property”). A copy of the Receivership Order is attached as Appendix “A”.
2. Pursuant to three additional orders granted by the Court on May 2, 2023, and an order granted by the Court on May 18, 2023, KSV was also appointed receiver and manager of certain other companies within the Stateview group of companies (the “Stateview Group”).
3. Herein the entities subject to the aforementioned receivership proceedings are collectively referred to as the “Stateview Receivership Companies”.

4. Pursuant to an order of the Court dated June 5, 2023, the Court issued an order (the “Sale Process Order”) approving a sale process (the “Sale Process”) for the Property of certain entities within the Stateview Receivership Companies, including Taurasi Holdings.
5. This report (the “Ninth Report”) is filed by KSV in its capacity as Receiver and deals exclusively with the Receiver’s recommendation in respect of the sale of the real property owned by Taurasi Holdings located at 596 Oster Lane, Vaughan, Ontario (the “Oster Property”).

1.1 Purposes of this Report¹

1. The purposes of this Report are to:
 - a) provide background information about Taurasi Holdings;
 - b) summarize the results of the Sale Process for the Oster Property;
 - c) summarize a proposed transaction (the “Transaction”) between the Receiver and Rovito Investments (BT) Inc. (the “Purchaser”) pursuant to an agreement of purchase and sale dated April 3, 2024 (the “Oster APS”), which contemplates a sale of the Oster Property;
 - d) discuss the amounts available for the establishment of certain reserves and for certain payments and distributions by the Receiver from the proceeds of the proposed Transaction (the “Oster Proceeds”), including a distribution to Taurasi Holdings’ senior secured creditor, KingSett Mortgage Corporation (“KingSett”);
 - e) discuss the relief intended to be sought by KingSett in the Taurasi Holdings Bankruptcy Order (as defined below), including an order authorizing the Receiver to file an assignment in bankruptcy in respect of Taurasi Holdings and name KSV as licensed insolvency trustee in connection therewith;
 - f) summarize the fees and disbursements of: (i) the Receiver from November 1, 2023 to March 31, 2024, and (ii) the Receiver’s counsel, Cassels, Brock & Blackwell LLP (“Cassels”), from November 1, 2023 to March 31, 2024; and
 - g) recommend that this Court issue the following Orders:
 - i. an Approval and Vesting Order (“AVO”), among other things:
 - approving the Transaction;
 - following the Receiver’s delivery of the Receiver’s certificate substantially in the form attached as Schedule “A” to the proposed AVO (the “Receiver’s Certificate”), transferring and vesting all of Taurasi Holdings’ right, title and interest in and to the Purchased Assets (as defined in the Oster APS) in the Purchaser, free and clear of all liens, charges, security interests and encumbrances, other than permitted encumbrances; and

¹ All capitalized terms not defined in this Section have the meanings provided to them in the Sections below.

- sealing the Oster Offer Summary (as defined below) until the closing of the Transaction; and
- ii. an Ancillary Matters and Distribution Order (the “Distribution Order”), among other things:
 - subject to the reserves summarized below, authorizing and directing the Receiver to make one or more distributions to KingSett in respect of the Taurasi Holdings Indebtedness (as defined below), including from the proceeds of the Transaction, net of professional and other costs to complete the Transaction and these proceedings;
 - approving the fees and disbursements of the Receiver and its counsel, Cassels, Brock & Blackwell LLP (“Cassels”), as detailed in the Fee Affidavits (as defined below); and
 - approving this Ninth Report and the Receiver’s conduct and activities described herein.

1.2 Restrictions

1. In preparing this Ninth Report, the Receiver has relied upon: (i) Taurasi Holdings’ unaudited financial information; (ii) information provided by KingSett; (iii) discussions with various stakeholders in these proceedings (including their legal representatives); and (iv) the receivership application materials (collectively, the “Information”).
2. The Receiver 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 Receiver 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 Receiver 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 Receiver are provided in the application materials of KingSett. Copies of the Court materials filed to-date in these proceedings are available on the [Website](#).

2.0 Background

2.1 The Stateview Group

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.

3. The Receiver understands that the Stateview Receivership Companies do not have any employees and that all employees involved with the Stateview Group are currently employed by one or more of the Non-Receivership Companies.
4. The principals of the Stateview Group are Carlo Taurasi, the Chief Executive Officer, and Dino Taurasi, the President (together, the “Taurasis”).

2.2 Taurasi Holdings

1. 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 (the “Industrial Properties”).
2. Pursuant to an Approval and Vesting Order dated November 16, 2023 (the “November 16th AVO”), the Court approved the sale of three of the four Industrial Properties. These sale transactions were detailed in the Receiver’s Report to Court dated November 8, 2024 (the “Sixth Report”), and, accordingly, are not detailed herein. These transactions closed on November 30, 2023, leaving only the Oster Property unsold.
3. The Oster Property has three tenants and generates approximately \$39,000 in monthly rent, including HST. An entity related to the Purchaser, Canadian Railings (2021) Ltd. (“Canadian Railings”) occupies approximately 80% of the total leasable area. The Receiver understands that a principal of Canadian Railings is the brother of the Taurasis, but that the Taurasis have no interest in the Canadian Railings or the Purchaser.
4. The Oster Property is managed by Argo Property Management Ltd. (“Argo”), a third-party property management company.

3.0 Taurasi Holdings Creditors

3.1 Secured Creditors

3.1.1 KingSett

1. KingSett holds a first mortgage on the Oster Property and is currently owed approximately \$10.4 million, plus accruing interest and costs (the “Taurasi Holdings Indebtedness”).
2. KingSett’s security in respect of the Oster Property 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 Oster Property); and (ii) first and second mortgages/charges and general assignment of rents and leases registered against title to the Oster Property (collectively, all KingSett loan and security documents with respect to Taurasi Holdings are referred to herein as the “KingSett Mortgage Loan Security Documents”);

3. Cassels provided the Receiver with an opinion on the KingSett Mortgage Loan Security Documents (the “Security Opinion”). Subject to standard assumptions and qualifications, Cassels delivered opinions that (i) the KingSett Mortgage Loan Security Documents create valid security interests or charges, as applicable, against Taurasi Holdings’ real and personal property to be sold pursuant to the Transaction and (ii) such KingSett Mortgage Loan Security Documents have been properly registered against title to the Oster Property or perfected by PPSA registrations, as applicable.

3.1.2 Toronto-Dominion 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*, the Stateview Receivership Companies 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 all of the Stateview Receivership Companies 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 Stateview Receivership Companies (not including High Crown, Nao or Minu) to secure the amounts owing to TD Bank under the Settlement Agreement (collectively, the “TD Mortgages”).
3. The Receiver has not made any independent inquiries into the circumstances giving rise to the granting and registration of the TD Mortgages, nor has the Receiver obtained an opinion on the TD Mortgages.

3.1.3 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.

3.2 Other Creditors

1. Based on the Stateview Group’s books and records, and based on work performed by the Receiver to reconcile certain amounts owing to trade vendors, as at the date of the Receivership Order, Taurasi Holdings’ unsecured and other obligations were approximately \$82,000.

4.0 Sale Process

4.1 Marketing Process

1. The Receiver carried out the Sale Process for the Oster Property in accordance with the Sale Process Order. A summary of the Sale Process is as follows:
 - a) the Receiver retained Jones Lang LaSalle Real Estate Services, Inc. (“JLL”) to list for sale the Property owned by the Taurasi Holdings, including the Oster Property;
 - b) JLL launched the Sale Process for the Property of Taurasi Holdings on July 19, 2023 by distributing an investment summary (the “Teaser”) and a form of non-disclosure agreement (“NDA”) to its database of prospective buyer contacts. JLL also marketed the Industrial Properties through, among other things, email campaigns, print and digital ads and visible signage at the sites;
 - c) Interested parties were required to sign the NDA to access a virtual data room (“VDR”);
 - d) The VDR contained information regarding the Industrial Properties, including financial information, contracts, tenancy information and several third-party consultant reports that were commissioned by the Receiver during these proceedings. The VDR also included a form of asset purchase agreement (the “Template APS”). Prospective purchasers were encouraged to submit offers in the form of the Template APS, together with a blackline against the Template APS.
2. In order to assist interested parties in performing diligence, the Receiver also commissioned phase 1 and phase 2 environmental reports for the Oster Property, which were made available in the VDR.
3. The bid deadline under the Sale Process for the Industrial Properties was September 12, 2023 (the “Bid Deadline”).

4.2 Sale Process Results

4.2.1 Industrial Properties

1. The Industrial Properties were marketed as a portfolio, however, prospective purchasers were advised that the Receiver would consider a bid for any combination of one or more of the Industrial Properties.
2. A summary of the results of the Sale Process for the Industrial Properties is as follows:
 - a) 2,217 parties were sent the Teaser and the NDA;
 - b) 82 parties executed the NDA and were provided access to the VDR to perform additional due diligence; and
 - c) 3 parties submitted an offer for the Oster Property at the Bid Deadline.

3. An offer summary in respect of the final bids received for Oster Property (the “Oster Offer Summary”) is attached as Confidential Appendix “1”. The Receiver’s recommendation regarding sealing this information is discussed in Section 5.3 below.
4. The Receiver reviewed the bids for the Oster Property and the Receiver and/or JLL engaged in direct discussions with the leading bidders to understand their bids, including their conditionality, financial ability to close and any other due diligence that remained outstanding. In each case, the Receiver invited a group of top bidders to participate in one or more rounds of additional bidding in order to achieve the best results possible. The Receiver also consulted TD Bank during the Sale Process, as it holds the subordinate mortgage behind KingSett. None of the bids received by the Receiver were sufficient to repay KingSett in full and KingSett did not consent to any of the transactions.
5. One of the bids submitted at the Bid Deadline was by an affiliate of the Purchaser. Since the Bid Deadline, over the course of several months, the Purchaser and the Receiver, in consultation with KingSett, have negotiated the terms of its bid such that it is now acceptable to the Receiver. On April 3, 2024, the Receiver and the Purchaser entered into the Oster APS. The Oster APS was conditional on the Purchaser receiving mortgage financing from KingSett for \$8 million on terms satisfactory to the Purchaser, which condition was subsequently waived by the Purchaser.

5.0 The Transaction²

5.1 The Oster APS

1. The following constitutes a summary description of the Oster APS only. Reference should be made directly to the Oster APS for all of its terms and conditions. A copy of the Oster APS is attached as Appendix “B”.
2. The key terms of the Oster APS are provided below.
 - **Vendor**: Receiver
 - **Purchaser**: Rovito Investments (BT) Inc. The Purchaser is related to Canadian Railings (2021) Ltd., the primary commercial tenant at the Oster Property, the principal of which is the brother of the Taurasis and therefore related to the Taurasi Holdings.
 - **Purchased Assets**: substantially all of Taurasi Holdings’ right, title and interest in:
 - a) the Real Property described in Schedule “A” of the TLSFD APS, being the Oster Property;
 - b) the Buildings, the Additional Assets and the Leases; and
 - c) the Contracts and Permits, but each only to the extent transferable to the Purchaser.

² Capitalized terms in this section have the meaning provided to them in the Oster APS unless otherwise defined herein.

- **Excluded Assets:** all assets, undertaking and property other than the Purchased Assets, including:
 - a) all cash, cash equivalents and accounts receivable of Taurasi Holdings, including any insurance refund, HST refunds or other tax receivables;
 - b) the Excluded Contracts;
 - c) tax records, books and records, minute books;
 - d) the benefit of any prepaid expenses or deposits with any Persons, public utility or Governmental Authority; and
 - e) the benefit of any refundable Taxes payable or paid in respect of the Purchased Assets and applicable to the period prior to the Closing Date.

- **Purchase Price:** \$9,399,000

The purchase price is to be adjusted on closing for adjustments standard for a real estate transaction, including property taxes and rents, as further described in Section 4.5 of the Oster APS.

- **Deposit:** two deposits totalling \$200,000 have been paid to the Receiver. The balance of the purchase price, subject to the adjustments, is to be paid on the Closing Date.

- **Excluded Liabilities:** all liabilities other than the Assumed Liabilities and Permitted Encumbrances.

- **Representations and Warranties:** consistent with the standard terms of an insolvency transaction, i.e., on an “as is, where is” basis, with limited representations and warranties.

- **Closing Date:** the date that is the later of: (i) the first Business Day following the date that is ten (10) days following the date on which the AVO is issued by the Court; and (ii) June 20, 2024, or such other date as agreed in writing by the Receiver and the Purchaser.

- **Remaining Material Conditions:** include, among other things:
 - a) delivery of certain estoppel certificates as contemplated by Section 11.4 of the Oster APS on or before the Closing Date;
 - b) there shall be no Claim, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper; and
 - c) the Court shall have issued the AVO.

5.2 TLSFD Transaction Recommendation

1. The Receiver recommends the Court issue the proposed AVO approving the Transaction for the following reasons:
 - a) the process undertaken by the Receiver to market the Oster Property was commercially reasonable and conducted in accordance with the terms of the Sale Process Order;
 - b) JLL has extensive experience selling industrial properties in and around the Greater Toronto Area and widely canvassed the market for prospective purchasers;
 - c) in JLL's view, it is unlikely that exposing the Oster Property to the market for additional time will result in a superior transaction;
 - d) the Purchaser's offer represents the highest and best offer received for the Oster Property;
 - e) the Receiver and JLL are of the view that the Transaction provides for the greatest recovery available for the benefit of Taurasi Holdings' stakeholders in the circumstances;
 - f) KingSett consents to the Transaction; and
 - g) as at the date of this Ninth Report, the Receiver is not aware of any objections to the relief being sought pursuant to the proposed AVO.

5.3 Sealing

1. The Receiver recommends that the Oster Offer Summary (Confidential Appendix "1") be filed with the Court on a confidential basis and remain sealed until the closing of the Transaction, as the document contains confidential information, including with respect to value.
2. The Oster Offer Summary contains sensitive information, including the identity of the bidders and the value of other bids received for the Oster Property, that could adversely impact the future marketability of the Oster Property should the Transaction not close.
3. Sealing this information is necessary to maximize recoveries in these proceedings and maintain the integrity and confidentiality of key information in the Sale Process.
4. The salutary effects of sealing such information from the public record greatly outweigh the deleterious effects of doing so under the circumstances. The Receiver is not aware of any party that will be prejudiced if the information is sealed or any public interest that will be served if such details are disclosed in full. The Receiver is of the view that the sealing of the Confidential Appendix is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25. Accordingly, the Receiver believes the proposed sealing of the Confidential Appendix is appropriate in the circumstances.

5. In addition, the Receiver notes that at the time of seeking Court approval of the sale of the other Industrial Properties, the Receiver sought and obtained an order of the Court sealing the offer summaries and unredacted purchase agreement in connection with that transaction until further order of the Court given that, in the Receiver's view, unsealing those documents on closing of that transaction could prejudice the ongoing marketing efforts with respect to the Oster Property. However, the Receiver advised the Court in its Sixth Report that it would revisit that sealing when sale approval of the Oster Property is sought. Accordingly, as part of the proposed AVO, the Receiver is seeking that such sealed materials be unsealed upon closing of the Transaction.

6.0 Proposed Taurasi Holdings Bankruptcy

1. As described above, CRA has asserted that Taurasi Holdings owes the CRA approximately \$340,000 in respect of unpaid HST, \$130,624.22 of which the CRA asserts is a deemed trust claim.
2. The Receiver understands that KingSett intends to bring a motion for an order (the "Taurasi Holdings Bankruptcy Order") authorizing and directing the Receiver to file an assignment in bankruptcy in respect of Taurasi Holdings pursuant to the *Bankruptcy and Insolvency Act*, naming KSV as trustee in bankruptcy (in such capacity, the "Trustee") and authorizing and empowering KSV to act in this capacity. The proposed Taurasi Holdings Bankruptcy Order contemplates, among other things, that all proceeds of the Property of Taurasi Holdings that are realized by the Receiver prior to, on or after the commencement of the bankruptcy proceeding in respect of Taurasi Holdings will continue to be maintained by the Receiver in a segregated account, separate and apart from the bankrupt estate, to be distributed by the Receiver as directed by the Court in the within receivership proceedings.
3. The Receiver notes that it is not unusual for the Court to grant orders in a similar form to the proposed Taurasi Holdings Bankruptcy Order in these circumstances and that courts have commented that it is not inappropriate for a creditor to seek the commencement of a bankruptcy in similar circumstances as this instance. In fact, on September 14, 2023, this Court granted a similar bankruptcy order in this receivership proceeding in respect of Stateview Homes (On the Mark) Inc. Attached at Appendix "C" is a copy of that order along with the Court's Endorsement.
4. Accordingly, the Receiver is supportive of the relief being sought in the Taurasi Holdings Bankruptcy Order.
5. The payments and distributions recommended in this Ninth Report assume that the Taurasi Holdings Bankruptcy Order is granted by the Court.

7.0 Distributions

1. KingSett is the principal secured creditor of Taurasi Holdings. If the proposed Transaction is approved by the Court, the Receiver is seeking authorization and direction to distribute the balance of the Oster Proceeds, after reserving for the costs of these proceedings, including the fees of JLL and the fees and costs of the Receiver and its counsel, to KingSett as partial payment of the remaining Taurasi Holdings Indebtedness owing by Taurasi Holdings to KingSett. Based on the aggregate proceeds from the sales of the Industrial Properties, including the Oster Proceeds, KingSett is expected to incur a shortfall on its loans to Taurasi Holdings.

8.0 Professional Fees

1. In accordance with paragraph 31(c) of the Receivership Order, the Receiver and its counsel have allocated their fees to a specific company within the Stateview Receivership Companies when their activities relate to a specific property. However, a significant portion of the activities performed by the Receiver and its counsel are of a general nature and are not specifically allocable to a specific property/company, including time related to the investigation of matters generally relating to the Stateview Receivership Companies.
2. The allocation methodology of the Receiver and its counsel has been to allocate such general time evenly across the relevant Stateview Receivership Companies. The Receiver believes that this is the most practical and reasonable basis to allocate such fees. This allocation methodology was previously approved by an order of the Court issued on September 14, 2023, a copy of which order is attached at Appendix "D".
3. The fees of the Receiver from November 1, 2023 to March 31, 2024 for Taurasi Holdings, all of which were billed specifically to Taurasi Holdings, total \$39,212.50, excluding disbursements and HST.
4. Cassels' fees from November 1, 2023 to March 31, 2024 for Taurasi Holdings including the specific fees and an allocation of the general fees on the basis noted above total \$107,433.64, excluding disbursements and HST.
5. Fee affidavits and accompanying invoices in respect of the fees and disbursements of the Receiver and Cassels are attached as Appendices "E" and "F", respectively, to this Ninth Report (together, the "Fee Affidavits").
6. The Receiver is of the view that Cassels' hourly rates for each of the mandates are consistent with the rates charged by other law firms practicing in the area of insolvency in the Toronto market, and that its fees are reasonable and appropriate in the circumstances. The Receiver notes that as there have been a number of significant and complex legal issues to be addressed in the receivership estates, Cassels was required to address these matters for the Receiver and therefore its fees are in excess of the Receiver's fees.

9.0 Conclusion

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

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC.,
STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND
STATEVIEW HOMES (HIGH CROWN ESTATES) INC.,
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**