

## McLaren, Maureen

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**From:** Iqbal, Asim  
**Sent:** Tuesday, August 17, 2021 2:53 PM  
**To:** Mills, Craig  
**Cc:** Tawfik, Elsir; McLaren, Maureen  
**Subject:** Fwd: THE FOREST ROAD COMPANY, LLC v. SKYLINE 2 PRODUCTIONS INC. (Court File No. CV-21-00665781-00CL)  
**Attachments:** CV-21-00665781-00CL\_The Forest Road Company, LLC v. Skyline 2 Productions Inc. \_Order.pdf

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### **ASIM IQBAL** Partner

#### **Miller Thomson LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011

Toronto, Ontario M5H 3S1

**Direct Line:** +1 416.597.6008

**Fax:** +1 416.595.8695

**Email:** [aiqbal@millerthomson.com](mailto:aiqbal@millerthomson.com)

[millerthomson.com](http://millerthomson.com)



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**From:** Cavanagh, Justice Peter (SCJ) <Peter.Cavanagh@scj-csj.ca>

**Sent:** Tuesday, August 17, 2021 2:51:10 PM

**To:** Iqbal, Asim <aiqbal@millerthomson.com>; Tawfik, Elsir <etawfik@millerthomson.com>

**Cc:** JUS-G-MAG-CSD-Toronto-SCJ Commercial List <MAG.CSD.To.SCJCom@ontario.ca>

**Subject:** [\*\*EXT\*\*] THE FOREST ROAD COMPANY, LLC v. SKYLINE 2 PRODUCTIONS INC. (Court File No. CV-21-00665781-00CL)

**Counsel:**

Asim Iqbal and Elsir Tawfik for Applicant  
No one appearing for Respondent

**Endorsement:**

The Applicant, The Forest Road Company, LLC ("FRC"), brings this application for the appointment of MNP Ltd. as interim receiver pursuant to section 47 of the BIA and section 101 of the CJA in order to preserve and protect the assets of the Respondent, Skyline 2 Productions Inc. (the "Debtor"). Although a representative of the Respondent, Mr. Strause, appeared before Justice Koehnen on July 20, 2021 when the hearing date for this application was scheduled, no one appeared on behalf of the Debtor today. Although Justice Koehnen set a schedule for delivery of materials and factums for this application, no materials were delivered on behalf of the Debtor. The calendar invitation for the Zoom hearing was accepted.

FRC is a secured creditor of the Debtor. The loan is in default. The primary security held by FRC is in respect of tax credit proceeds (the "Tax Credit Proceeds") related to a film production. Despite FRC's efforts to get information on the status of the Tax Credit Proceeds from the Debtor, its accountants and the Canada Revenue Agency, it has been unable to obtain such information. The Debtor has failed to execute the required consent forms authorizing FRC to communicate with CRA or its accountants despite numerous requests. As the Debtor has been uncooperative, FRC seeks the appointment of an interim receiver to, among other things, protect and preserve its security position.

The evidence with respect to the loan made by FRC to the Debtor, and the security, is set out in paragraphs 6-13 of FRC's factum. The evidence with respect to FRC's efforts to obtain information on the tax credits is set out in paragraphs 14-19 of FRC's factum. The evidence with respect to default and demands for payment is set out in paragraphs 20-21 of FRC's factum. As of June 18, 2021, the outstanding amount due and owing under the loan made by FRC to the Debtor is 1,396,061 USD, inclusive of accrued interest and costs. FRC has lost trust and confidence in the Debtor and is concerned about the status of the Tax Credit Proceeds.

An interim receiver may be appointed pursuant to section 47 of the BIA and section 101 of the CJA. Under section 47 (2) of the BIA, an interim receiver may take possession of all or part of the debtor's property, exercise control over that property and the debtor's business, take conservatory measures and summarily dispose of property that is likely to depreciate rapidly in value. Courts require that there be some risk to the assets in order to appoint an interim receiver which is more than merely speculative, but do not require the applicant to go so far as to prove an actual immediate risk to assets where a secured creditor with significant risk has lost confidence in the debtor. See *Maximum Financial Services Inc. v. Corporate Cars Ltd. Partnership* (2006), 29 C.B.R.(5<sup>th</sup>) 110 (Ont. S.C.J.), at para. 15.

FRC is a secured creditor of the Debtor and is entitled to bring an application under section 47 of the BIA. Pursuant to section 6 (1) of the General Security Agreement held by FRC as security for the loan, the occurrence of an event of default grants FRC the right to seek the appointment of a receiver.

On the evidence provided, I am satisfied that the appointment of an interim receiver is necessary to protect the Debtor's estate and the interests of FRC and other creditors.

Order to issue in form of attached order signed by me. Entry of this order is dispensed with.

This application will come back for a hearing before me on September 17, 2021 at 9:30 a.m. for ½ hour.



Cavanagh J.

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