

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF SECTION 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**

BETWEEN:

FIREPOWER DEBT GP INC., AS AGENT

Applicant

and

THEREDPIN, INC. and THEREDPIN.COM REALTY INC.

Respondents

**THIRD SUPPLEMENTARY REPORT TO THE SECOND REPORT TO THE COURT
SUBMITTED BY MNP LTD., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
THEREDPIN, INC. AND THEREDPIN.COM REALTY INC.**

October 19, 2018

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October 19, 2018

I INTRODUCTION AND PURPOSE OF THIS REPORT

1. On June 14, 2018 ("**Date of Appointment**"), MNP Ltd. was appointed as receiver (the "**Receiver**") without security, of all assets, undertakings and properties of TheRedPin, Inc. ("**TRP Inc.**") and Theredpin.Com Realty Inc. ("**TRP Realty**" and together with the TRP Inc., collectively hereinafter referred to as the "**Debtors**") acquired for or used in relation of a business carried on by the Debtors, including all proceeds thereof (the "**Property**") pursuant to an Order, dated June 14, 2018 (the "**Appointment Order**") issued by the Ontario Superior Court of Justice (Commercial List) (the "**Court**").
2. On September 10, 2018, the Receiver filed its second report to the Court (the "**Second Report**"), wherein it to provided the Court with information in support of the Advice and Direction Motion

concerning whether any or all of the Third-party Commissions collected and to be collected by the Receiver are held and to be held in trust for benefit of the TRP Salespersons, the Outside Brokerages, the Assignees and/or the Cashback Buyers.

3. On September 28, 2018, the Receiver served its supplementary report to the Second Report (the "**Supplementary Report**") wherein it provided the Court with updated information concerning issues raised in the Second Report, as well as additional information identified since the filing of the Second Report.
4. On October 3, 2018 the affidavit of William Durrell, sworn October 3, 2018 (the "**Durrell Affidavit**") was served by AGB on behalf of Jeff Klein in response to the Supplementary Report.
5. On October 9, 2018 the affidavit of Jared Kalish, sworn October 9, 2018 (the "**2nd Kalish Affidavit**") was served by Counsel for the Lenders in response to the Supplementary Report.
6. On October 12, 2018 the Receiver served its Second Supplementary Report to the Second Report wherein it provided the Court with updated information concerning issues raised in the Second Report, as well as additional information identified since the filing of the Second Report.
7. This Third Supplementary Report to the Second Report (the "**3rd Supplementary Report**") is to be read in conjunction with the Second Supplementary Report to the Second Report and the Supplementary Report to the Second Report and the Second Report.
8. The purpose of the 3rd Supplementary Report is to:
 - (a) update the Court on information received in connection with the Commissions Account that TRP Realty had at Comerica Bank but held at the Royal Bank and the replacement Commissions Account held at the Royal Bank.

II TERMS OF REFERENCE

9. In preparing the 3rd Supplementary Report, the Receiver has relied on information regarding the Debtors and the Property:

(a) included in the motion records and other materials filed with the Court by the Applicant and other parties in connection with these proceedings;

(b) information provided by the Royal Bank; and

(c) as otherwise made available or provided to the Receiver and its counsel.

III UPDATE

10. As set out in paragraph 27(b) of the Receiver's Second Report, the Receiver previously contacted the Royal Bank with respect to the opening of the Commissions Account.

11. The Receiver only received a response from the Royal Bank on Thursday, October 18, 2018.

12. The initial response from the Royal Bank was circulated to counsel for each of the TRP Salespersons, Lloyds Underwriters and the Secured Creditors.

13. A further question arose by counsel for the TRP Salespersons and it was forwarded to the Royal Bank.

14. The full email exchange between the Receiver and the Royal Bank with respect to both the TRP Realty Comerica Bank account at the Royal Bank and its replacement Royal Bank account is attached hereto as **Appendix "A"**.

All of which is respectfully submitted this 19th day of October 2018.

MNP LTD.

in its capacity as Court-appointed Receiver of
TheRedPin, Inc. and TheRedPin.com Realty Inc.
and not in its personal or corporate capacities
Per:

A handwritten signature in black ink, appearing to be 'Alan Shiner', written over a horizontal line.

Alan Shiner, CIRP
Licensed Insolvency Trustee

Appendix "A"

Harry Fogul

From: Alan Shiner <Alan.Shiner@mp.ca>
Sent: October-18-18 3:24 PM
To: Harry Fogul
Subject: Fwd: THEREDPIN.COM Realty - 06019-1010719

See below.

Sent from my iPhone

Begin forwarded message:

From: "Zomok, Jason" <jason.zomok@rbc.com>
Date: October 18, 2018 at 3:17:10 PM EDT
To: "'Alan.Shiner@mp.ca'" <Alan.Shiner@mp.ca>
Cc: "Seales, Nigel" <nigel.seales@rbc.com>
Subject: RE: THEREDPIN.COM Realty - 06019-1010719

Hello Alan,

Can you please direct any future inquiries about this account to my attention?

In response to your question below, normally a client would request a certain nomenclature on the account. Much like you may have multiple personal accounts and think of one like a chequing account and one like a savings account, at times, client assign their own personal internal nomenclature on an account to aid in management of funds.

In this instance, the account was provided with a description on opening of 'Realty Commission'. We have no record of RBC asking for that description to be added on the account and throughout my time with the bank I have rarely, if ever at all, experienced a case where RBC added a description onto an account. So most likely this nomenclature was probably requested by the client. However, the exact description could have been anything such as 'Savings', 'Hydro' and 'Credit Card' etc.

This is a standard operating account. Typically to open a trust account RBC would obtain, amount other things, a Trust 'Know your Client Form' and a Trust Agreement. To the best of my knowledge RBC does not hold such documents with respect to this account.

Regards,

Jason Zomok
Director, Central Region
Special Loans and Advisory Services, Royal Bank of Canada
222 Bay Street - 24th Floor
Toronto, ON, M5K 1G8

Tel: 416-974-8150
Cell: 647-985-8862

From: Alan Shiner [mailto:Alan.Shiner@mnp.ca]
Sent: 2018, October, 18 2:05 PM
To: Seales, Nigel
Subject: Re: THEREDPIN.COM Realty - 06019-1010719

Nigel

I would appreciate knowing what a nickname is and who asks for it eg. RBC or REDPIN.

In addition, what does one have to do to open a trust account at RBC; what is different to opening an *operating account*.

Would be great to receive a reply today.

Thank you.

Sent from my iPhone

On Oct 18, 2018, at 12:05 PM, Seales, Nigel <nigel.seales@rbc.com> wrote:

Mr. Shiner hope this is the required information.
Regards, Nigel

Nigel Seales | Account Officer | Special Loans and Advisory Services | **Royal Bank of Canada** | 222 Bay Street 24th Floor, Toronto, On, M5K 1G8 Canada | T. 416-955-2517 | F. 416-974-0528 | E-mail: nigel.seales@rbc.com

From: Keller, Simon
Sent: 2018, October, 18 12:02 PM
To: Madan, Manjula (RBC I&TS); Seales, Nigel
Subject: RE: THEREDPIN.COM Realty - 06019-1010719

Hi Nigel,

I can confirm that the accounts that were opened with Commercial Banking (06702-1086388), following the closure of the Comerica accounts were not opened as a true trust. This account specifically was nicknamed "Realty Commission", and not opened as a trust.

Thanks,

Simon
Simon C. Keller | Branch Manager – Broadview & Danforth | **RBC Royal Bank** | 739 Broadview Ave, Toronto, ON, M4K 2P6 | Transit 05452 | C. 647-627-2405

From: Madan, Manjula (RBC I&TS)
Sent: 2018, October, 18 11:56 AM
To: Seales, Nigel
Cc: Keller, Simon
Subject: RE: THEREDPIN.COM Realty - 06019-1010719

Hello Nigel,

Please connect with Simon as I have already responded to him in this regard.

Thanks and regards,

Manjula Madan

Client Service Manager, Banks, Brokers and Exchanges
T.+1416 974 1242 | F.+14169740640

RBC Investor & Treasury Services

155 Wellington Street West, 10th Floor, Toronto, ON M5V 3L3, Canada
rbcits.com

From: Seales, Nigel

Sent: 2018, October, 18 11:30 AM

To: Madan, Manjula (RBC I&TS)

Cc: alan.shiner@mnp.ca

Subject: FW: THEREDPIN.COM Realty - 06019-1010719

Hi Manjula good morning – As you can see from this email, there is a bit of urgency to Mr. Shiner's inquiry.

Can you please respond.

Much appreciated.

Thanks, Nigel

Nigel Seales | Account Officer | Special Loans and Advisory Services | **Royal Bank of Canada** | 222 Bay Street 24th Floor, Toronto, On, M5K 1G8 Canada | T.416-955-2517 | F.416-974-0528 | E-mail: nigel.seales@rbc.com

From: Alan Shiner [<mailto:Alan.Shiner@mnp.ca>]

Sent: 2018, October, 18 11:09 AM

To: Seales, Nigel

Subject: FW: THEREDPIN.COM Realty - 06019-1010719

Nigel

Further to my voice message we have a deadline of 1:00pm today to file with the court information on the bank accounts. Would really appreciate if you could you please answer my question below in that time frame.

Thank you.

Alan

From: Alan Shiner

Sent: October 18, 2018 10:39 AM

To: 'Seales, Nigel' <nigel.seales@rbc.com>

Subject: RE: THEREDPIN.COM Realty - 06019-1010719

Nigel

Please confirm that the subsequent RBC REPPIN REALTY account 0002154 06702 003 108638 follows the same as Comerica.

Thanks

Alan

From: Seales, Nigel <nigel.seales@rbc.com>
Sent: October 18, 2018 10:23 AM
To: Alan Shiner <Alan.Shiner@mdp.ca>
Subject: FW: THEREDPIN.COM Realty - 06019-1010719

Mr. Shiner as discussed.
Regards, Nigel

Nigel Seales | Account Officer | Special Loans and Advisory Services | **Royal Bank of Canada** | 222 Bay Street 24th Floor, Toronto, On, M5K 1G8 Canada | T.416-955-2517 | F.416-974-0528 | E-mail: nigel.seales@rbc.com

From: Keller, Simon
Sent: 2018, October, 18 8:14 AM
To: Seales, Nigel; Chung, Julia
Subject: FW: THEREDPIN.COM Realty - 06019-1010719

Hi Nigel,

We've gotten to the bottom of this!

It's been confirmed that the above mentioned account number was never set-up as a "trust", rather it was only nicknamed a trust account.

Can you please relay this information to Alan Shiner, as I understand you have already been in touch with him.

Thanks in advance,

Simon

Simon C. Keller | Branch Manager – Broadview & Danforth | **RBC Royal Bank** | 739 Broadview Ave, Toronto, ON, M4K 2P6 | Transit 05452 | C. 647-627-2405

From: Madan, Manjula (RBC I&TS)
Sent: 2018, October, 17 4:06 PM
To: Keller, Simon
Subject: RE: THEREDPIN.COM Realty - 06019-1010719

Hello Simon,

With regards to your below enquiry, Comerica has advised as below:

'This account is just listed as a trust account as an account name/identifier.'

Thanks and regards,

Manjula Madan

Client Service Manager, Banks, Brokers and Exchanges
T.+1416 974 1242 | F.+14169740640

RBC Investor & Treasury Services

155 Wellington Street West, 10th Floor, Toronto, ON M5V 3L3, Canada
rbcits.com

From: Guzman, Bertha (RBC I&TS)
Sent: 2018, October, 17 7:50 AM
To: Madan, Manjula (RBC I&TS); D'Souza, Sharmila (RBC I&TS)
Cc: Keller, Simon
Subject: FW: THEREDPIN.COM Realty - 06019-1010719

Good morning Ladies,

Can you please refer to the e-mail below and let me know if any of you is in charge of this account or should I check with Danny, on Sebastian's absence?

Many thanks,

From: Keller, Simon
Sent: 2018, October, 16 4:55 PM
To: Becerra, Sebastian (RBC I&TS) <sebastian.s.becerra@rbc.com>
Cc: Guzman, Bertha (RBC I&TS) <bertha.guzman@rbc.com>; Seales, Nigel <nigel.seales@rbc.com>; Chung, Julia <julia.chung@rbc.com>
Subject: THEREDPIN.COM Realty - 06019-1010719

Hi Sebastian and Bertha,

I hope you're well.

I'm not sure if you recall, but the above client held a relationship with Comerica/RBC through our correspondent banking program, and transitioned the relationship to RBC Commercial Banking back in January 2018 when I was the CAM for the relationship (I've since moved on).

Since this transition THEREDPIN.COM has declared bankruptcy, and the client wanted to confirm whether or not a/c 06019-1010719 was in fact opened as a "true trust" or just listed as a trust account as an account name/identifier. Is this something you can

confirm for us? I have cc'd the existing Account Manager – Julia Chung and Nigel Seales from RBC Special loans whom has been working with the receiver.

To provide full transparency, FirePower Capital has acquired the Assets/IP of THE REDPIN.COM (FirePower also provided the collateral/guarantee for the Visa facility held with RBC). See snippet from original documentation.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thank you in advance for your attention to this.

Should you have any questions or need any further information please don't hesitate to reach out.

Thanks in advance,

Simon

Simon C. Keller | Branch Manager – Broadview & Danforth | **RBC Royal Bank** | 739 Broadview Ave, Toronto, ON, M4K 2P6 | Transit 05452 | C. 647-627-2405

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

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FIREPOWER DEBT GP INC., AS AGENT

Applicant

and

THEREDPIN, INC. and THE REDPIN.COM REALTY INC.

Respondents

Court File No. CV-18-599644-00CL

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SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

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