

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

**BETWEEN:**

**PILLAR CAPITAL CORP.**

Applicant

- and -

**TURUSS (CANADA) INDUSTRY CO., LTD.**

Respondent

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**SUPPLEMENT TO THE THIRD REPORT OF MNP LTD. AS RECEIVER AND  
MANAGER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF TURUSS  
(CANADA) INDUSTRY CO., LTD.**

**JANUARY 20, 2021**

**INTRODUCTION**

1. On September 18, 2020, MNP Ltd. (“**MNP**”) was appointed as the receiver and manager (the “**Receiver**”) without security, of the assets, undertakings and properties of Turuss (Canada) Industry Co., Ltd. (“**Turuss**” or the “**Company**”) by order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).

2. On October 21, 2020, the Receiver filed its first report to the Court (the “**First Report**”) in support of its motion seeking, *inter alia*, an order authorizing the Receiver to complete a specified sales process (the “**Sale Process**”) for the 340,000 sq. ft. commercial property located at 60 Industrial Park Road, Chesley, Ontario (the “**Chesley Property**”).
3. On October 29, 2020, the Court issued an order authorizing the Receiver to implement the Sale Process for the Chesley Property as set out in the First Report.
4. On November 9, 2020, the Receiver filed its second report to the Court (the “**Second Report**”) to provide the Court with information regarding:
  - (a) the Receiver’s attempts to obtain the Company’s books and records (the “**Books and Records**”) and the Receiver’s communications with the Company’s sole officer and director, Ms. Yang Jiang (“**Jiang**”), generally;
  - (b) the Receiver’s findings regarding Fortune Gate Timber Products Inc., hardwood flooring stores operating as Total Hardwood Flooring (“**Total Hardwood**”), Elite International Forest Ltd., and Vidar Design Flooring, all of which appear to be related to the Company and/or Jiang and appear to be carrying on aspects of the Company’s business (collectively, the “**Flooring Entities**”); and
  - (c) seeking an Order, *inter alia*:
    - (i) directing Jiang to deliver to the Receiver on or before November 13, 2020, all physical and electronic Books and Records of Turuss and those of the Flooring Entities (including a complete accounting of all activities conducted by Total Hardwood up to and including the date of the Appointment Order);
    - (ii) requiring Jiang to attend for an examination under oath by the Receiver on three business days notice regarding the operations of the Company and Total Hardwood as well as the Company’s relationship to and interests in

the Flooring Entities, both before and following the Appointment Order;  
and

(iii) such other matters considered relevant to the Receiver's administration of this proceeding.

5. On November 10, 2020, the Court issued the order sought by the Receiver (the "**Document Production Order**") directing Jiang to, among other things:

(a) deliver to the Receiver on or before November 13, 2020, all physical and electronic Books and Records of the Company as well as those related to the Flooring Entities, including a complete accounting of all activities conducted by Total Hardwood; and

(b) attend for an examination under oath by the Receiver on three business days notice regarding the operations of the Company and Total Hardwood as well as the Company's relationship to and interests in the Flooring Entities.

6. On January 5, 2021, the Receiver filed its third report (the "**Third Report**") to the Court to provide the Court with information regarding:

(a) the Receiver's activities since the time of the filing of the Second Report;

(b) the Receiver's attempts to obtain the Books and Records and Jiang's responses to the Receiver's requests as well as her non-compliance with the Document Production Order, generally;

(c) an update on the status of the Sale Process and Bruce Power L.P.'s (the Chesley Property's sole tenant) offer to expand the terms of the existing lease;

(d) the Receiver's recommendation to extend the bid deadline set out in the Court approved Sale Process; and

(e) the Receiver's recommendation for an Order, among other requests, finding that Jiang is in contempt of the Document Production Order.

7. On January 11, 2021, the Court issued the order sought by the Receiver (the “**Contempt Order**”) which, among other things, found Jiang in contempt of the Document Production Order. Jiang was not present at the motion for the Contempt Order.

#### **PURPOSE**

8. The Receiver has prepared this supplement to the Third Report as an update to the Court on the following:
  - (a) the activities of the Receiver and the Receiver’s attempts to contact Jiang since the Contempt Order; and
  - (b) the Receiver’s recommendation for the penalty given to Jiang at the penalty hearing held by the Court on January 21<sup>st</sup>, 2021 (the “**Penalty Hearing**”).

#### **THE RECEIVER’S ATTEMPTS TO CONTACT JIANG SINCE THE CONTEMPT ORDER**

9. Since the Contempt Order, the Receiver and its counsel, Dentons Canada LLP, have undertaken the following activities with respect to Jiang:
  - (a) served Jiang and the e-service list with the Contempt Order and corresponding Endorsement of Justice Gilmore dated January 11, 2021 on January 11, 2021;
  - (b) followed up with Jiang via email regarding the Contempt Order and Penalty Hearing on January 18, 2021, January 19, 2021, and January 20, 2021;
  - (c) circulated the Court’s Zoom meeting details for the Penalty Hearing to the e-service list, which includes Jiang, on January 19, 2021; and

(d) called Jiang on January 20, 2021, with no response.

#### **RECEIVER'S RECOMMENDATION REGARDING PENALTY TO JIANG**

10. The Receiver respectfully recommends that the Court order the arrest and imprisonment of Jiang and issue a corresponding warrant of committal. The Receiver requests that the Court order the arrest and imprisonment of Jiang up and until Jiang appears before this Honourable Court to address the finding of contempt as set out in the Contempt Order, and with the Court's assistance, grant further Order(s) to facilitate Jiang's production and immediate delivery of all physical and electronic Books and Records of the Company, as previously required and detailed in the Document Production Order.
11. From the outset of this proceeding, Jiang has wilfully and deliberately failed to comply with Orders of the Court. Jiang did not attend the most recent motion for the Contempt Order on January 11, 2021, therefore creating significant doubt that Jiang will attend future court dates or comply with the Document Production Order voluntarily.
12. The Receiver is of the belief that Jiang's arrest and imprisonment is necessary and in the interests of justice as it will serve to assist and advance the production of the Books and Records of the Company (as well as those related to the Flooring Entities), together with a complete accounting of all activities conducted by Total Hardwood. This, in turn, will significantly help the Receiver discharge its duties under the receivership.
13. The failure on the part of Jiang to comply with the Document Production Order has necessitated the Receiver to expend additional time and resources to seek out the information from third parties, which has increased the costs of the receivership for all of

the Company's stakeholders. In addition, the documents required from Jiang in the Document Production Order are used to support the Sale Process, and thus their immediate production is vital for the Receiver to administer the Sale Process.

All of which is respectfully submitted this 20<sup>th</sup> day of January, 2021.

**MNP Ltd.,  
Solely in its capacity as Court-appointed Receiver  
of Turuss (Canada) Industry Co., Ltd.**

Per:



Jerry Henechowicz, CIRP, LIT, CPA, CA  
Senior Vice-President

PILLAR CAPITAL CORP.  
Applicant

- and -

TURUSS (CANADA) INDUSTRY CO., LTD.  
Respondent

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

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENT TO THE THIRD REPORT OF THE  
RECEIVER**

**DENTONS CANADA LLP**

77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, Ontario M5K 0A1

**Robert Kennedy** (LSO #474070)

Tel: (416) 367-6756

Fax: (416) 863-4592

[robert.kennedy@dentons.com](mailto:robert.kennedy@dentons.com)

**Daniel Loberto** (LSO # 79632Q)

Tel: (416) 863-4760

[daniel.loberto@dentons.com](mailto:daniel.loberto@dentons.com)

*Lawyers for the Receiver*