

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

**MOTION RECORD OF THE COURT-APPOINTED RECEIVER, MNP LTD.
(Receiver's Approval Motion)**

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TAB A

Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
OF THE CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

NOTICE OF MOTION

TAKE NOTICE that MNP Ltd. (“MNP”), in its capacity as Court-appointed Receiver (the “Receiver”) of the Respondent, Yuk Cheung Lee (the “Debtor”), will make a Motion before the Court on **Friday, April 22, 2022 at 9:00 a.m.**, or as soon after that time as the Motion can be heard, at the Courthouse, 161 Elgin Street, Ottawa, Ontario.

PROPOSED METHOD OF HEARING: The Motion is to be heard by way of **videoconference**.

THE MOTION IS FOR:

1. In the event necessary, an Order dispensing with service and/or declaring that service of this Motion has been validly effected on all necessary parties and declaring that this motion is properly returnable on April 22, 2022 at 9:00 a.m. or as soon after that time as the motion can be heard;

2. An Order approving the Receiver's final report to the Court dated March 30, 2022 (the "**Final Report**"), and the activities and conduct of the Receiver and its legal counsel as described therein;
3. An Order approving the fees and disbursements of the Receiver, including the fees and disbursements of its legal counsel, all as particularized in the Final Report and an Order directing and authorizing the Receiver to pay all such fees and disbursements from available receivership funds;
4. An Order approving the Receiver's final statement of receipt and disbursements (the "**Final SRD**");
5. An Order authorizing and directing the Receiver to make a final distribution to Canada Revenue Agency ("**CRA**") in the amount of \$401,000.00 from available receivership funds on account of the Debtor's personal income tax liability arising from the sale of the Property;
6. An Order directing and authorizing the Receiver to transfer any remaining funds in the Debtor's receivership estate to the Debtor (the "**Surplus Funds**") following the payment of the amounts and distributions set out above;
7. An Order discharging and releasing the Receiver following the payment by the Receiver of the foregoing amounts and distributions; and
8. Such further and other relief as counsel may advise and this Honourable Court may deem just and appropriate.

THE GROUNDS FOR THE MOTION ARE:

1. By Orders (the "**Appointment Order**") of the Ontario Superior Court of Justice dated December 8 and 21, 2020, upon the application of Royal Bank of Canada (the "**Bank**"), MNP was appointed as the Receiver of all of the Debtor's Property (as defined in the Final Report).

2. The Appointment Order authorizes the Receiver to, amongst other things:
 - a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - b) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate; and
 - c) To report to the Court and obtain directions from the Court as and when required.
3. The purpose of the Final Report of the Receiver is as follows, *inter alia*:
 - a) to report on the activities and conduct of the Receiver since its appointment, and to obtain the Court's approval of the activities and conduct of the Receiver and of its legal counsel as described and recited in the Final Report;
 - b) to obtain the Court's approval of the fees and disbursements of the Receiver and of its legal counsel as set out in the Final Report, and the Court's approval to pay the said fees and disbursements from available receivership funds;
 - c) to obtain the Court's approval of the Receiver's Final SRD;
 - d) to obtain the Court's approval to make a final distribution to CRA in the amount of \$401,000.00 from available receivership funds;
 - e) to obtain the Court's approval to transfer the Surplus Funds to the Debtor; and
 - f) to obtain the Court's approval for the release and discharge of the Receiver;
4. The fees and disbursements of the Receiver and its legal counsel are fair and reasonable and justified in the circumstances and reflect the work done by and on behalf of the Receiver in connection with the receivership and the administration of the Property;
5. Sections 100 and 101 of the *Courts of Justice Act*;

6. Sections 243, 246, 247, 249 and 250 of the *Bankruptcy and Insolvency Act*;
7. Rules 1.04, 2.03, 3.02, 37 and 41 of the *Rules of Civil Procedure*; and
8. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The Receiver's Final Report to the Court dated March 30, 2022, together with the documentary Appendices thereto;
2. The Appointment Order;
3. The Receiver's First Report to the Court (without appendices), dated April 29, 2021; and
4. Such further and other material as counsel may advise and this Honourable Court may permit.

DATED AT THE CITY OF OTTAWA this 1st day of April, 2022.

SOLOWAY WRIGHT LLP
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(613) 238-8507 Facsimile

Lawyers for the Court-Appointed Receiver, MNP
Ltd.

TO: SERVICE LIST
(Attached hereto as Schedule "A")

SCHEDULE "A"

1. **Yuk Cheung Lee**
326 Wilbrod Street
Ottawa, ON K1N 6M5
By Email: ycarchitect@gmail.com
2. **Yuk Cheung Lee**
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Ottawa, ON K1N 6M5
By Email: ycarchitect@gmail.com
3. **Merovitz Potechin LLP**
Lawyers
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Ottawa, ON K1Z 8R1
Chuck Merovitz, Lawyer for the Respondent
Email: chuck@mpottawa.com
4. **Canada Revenue Agency, Legal Services**
555 McKenzie Road
Ottawa, ON K1A 0L5
Email: emmanuel.gibson@justice.gc.ca
Email: collections@justice.gc.ca
5. **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED
BY THE MINISTER OF FINANCE (Income Tax, PST)**
P.O. Box 620
33 King Street West, 6th Floor
Oshawa, ON L1H 8E9
Attn: Kevin J. O'Hara
Email: Kevin.ohara@ontario.ca
Email: insolvency.unite@ontario.ca
6. **City of Ottawa, Revenue Services re tax arrears**
100 Constellation Drive, 4th Floor East
Ottawa, ON K2G 6J8
By Email: revenue@ottawa.ca
7. **Royal Bank of Canada**
20 King Street West, 2nd Floor
Toronto, ON M5H 1C4
Jerry.tsao@rbc.com

8. Rasmussen Starr Ruddy, LLP

Lawyers

660-1600 Carling Avenue

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Mitchell Leitman, Lawyer for Purchaser

By Email: mleitman@rsrlaw.ca

Applicant

Respondent

Court File No.: CV-20-00084880-0000

ONTARIO SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF YUK CHEUNG LEE, of the City of
Ottawa, in the Province of Ontario**

Proceedings commenced at Ottawa, Ontario

NOTICE OF MOTION

SOLOWAY WRIGHT LLP

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Lawyers for the Court-Appointed Receiver, MNP Ltd.

TAB B

Court File No. CV-20-00084880-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

YUK CHEUNG LEE

Respondent

SECOND AND FINAL REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
YUK CHEUNG LEE

MARCH 30, 2022

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- 4 Approval Order and Ancillary Order dated June 7, 2021
- 5 Notice of Statement of Receiver
- 6 Technical memo regarding personal income tax obligations
- 7 Schedule 3 – Capital Gain (Loss)
- 8 Provisional income tax return
- 9 Copy of email dated July 9, 2021, to the Receiver
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- 17 Affidavit of Roxanne Chapman, Soloway Wright LLP, sworn March 28, 2022

INTRODUCTION AND BACKGROUND

1. Yuk Cheung Lee (the “Debtor”) resided at 326 Wilbrod Street, Ottawa, Ontario and managed the rental property located at 330-332 Wilbrod Street, Ottawa, Ontario (the “Property”).
2. On or about February 5, 2019, the Debtor became indebted to the Royal Bank of Canada (“RBC”), its senior secured creditor, with respect to certain credit facilities granted by the RBC pursuant to and under the terms of various credit and security agreements (the “Security”) contained as Exhibits A through E of the Receivership Application Record (the “Application Record”) dated November 3, 2020.
3. As reported in the Application Record, the Debtor’s obligations to the RBC pursuant to the above loan and the Security totaled \$1,142,042.03 as at October 8, 2020 (excluding interest and fees accrued since) (the “Indebtedness”) as confirmed by Exhibit K of the Application Record.
4. The Security provides for the appointment of a receiver in the event of default by the Debtor under the Security.
5. On November 14, 2019, RBC issued demand for payment of the Indebtedness to the Debtor, along with a Notice of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“BIA”) which demand, and statutory notice are contained as Exhibit H of the Application Record.
6. On December 5, 2019, RBC provided the Debtor with draft a forbearance agreement for review, after incorporating changes requested by the Debtor.
7. On December 11, 2019, RBC issued a Notice of Sale under Mortgage with respect to the Property in accordance with RBC’s mortgage security and the *Mortgages Act*, which is contained at Exhibit I of the Application Record. The stay period provided for in this notice expired on January 17, 2020.
8. On January 15, 2020, the Debtor’s lawyer advised the RBC’s lawyer that the Property had been listed for sale and requested further changes to the draft forbearance agreement.
9. On February 26, 2020, Debtor’s counsel advised that the Debtor was listing the Property for sale, that the tax arrears had been paid and proposed further amendments to the draft forbearance agreement.

10. On May 26, 2020, a Notice of Attornment of Rents was issued to each of the tenants of the Property advising of the Debtor's default under RBC's mortgage security and directing that all future rents be paid directly to RBC. RBC confirmed that no rents were ever received following issuance of this notice.
11. On June 10, 2020, counsel for RBC advised Debtor's counsel that unless arrangements satisfactory to RBC were agreed to by June 19, 2020, RBC would have no alternative but to bring a receivership application.
12. On June 22, 2020, Debtor's counsel advised RBC's counsel that they were in discussions with three potential purchasers, with one written offer to purchase the Property in hand.
13. On August 12, 2020, Debtor's counsel advised RBC's counsel that the offer to purchase the Property had fallen through and that they were pursuing another interested party.
14. From May 2019 to October 2020, the Debtor was unable to reduce the principal amount owing to RBC pursuant to the loan and the Security, such that the amount outstanding to RBC exceeded the original indebtedness.
15. On October 30, 2020, the Debtor entered into a purchase and sale agreement (the "**Proposed Transaction**"), however the offer was subject to various conditions and as such did not constitute a firm binding offer to purchase.
16. On November 2, 2020, RBC brought an application for the appointment of MNP Ltd. ("**MNP**") as the receiver of the Debtor and for the protection of the interests of RBC and other stakeholders.
17. By Order of this Honourable Court dated December 8, 2020 (the "**Receivership Order**"), MNP was appointed receiver (the "**Receiver**"), without security, of all the assets, undertakings and properties of the Debtor used in relation to his businesses, including all proceeds thereof, and the Property. A copy of the Receivership Order is attached at **Appendix "1"**.
18. By Ancillary Order of this Honourable Court dated December 8, 2020 (the "**Ancillary Order**"), MNP was to attempt to complete the Proposed Transaction in the event the conditions were waived on or before December 15, 2020, and the Court approved the Proposed Transaction. The Court further ordered that the Receiver was not required to manage or take control of the Property until closing of the Proposed Transaction and that the Receiver could obtain suitable insurance. A copy of the Ancillary Order is attached at **Appendix "2"**.

19. The Proposed Transaction was not finalized by December 15, 2020, and the conditional period was extended to December 24, 2020.
20. By Order of this Honourable Court dated December 21, 2020 (the “**Possession Order**”), MNP was granted the ability to take protective measures the Receiver deemed appropriate, including retaining a property manager, in the event the conditions to the Proposed Transaction were not waived by December 24, 2020. In such circumstances, the Receiver would forthwith assume management and control of the Property and initiate a sales and marketing process for the sale of the Property. A copy of the Possession Order is attached at **Appendix “3”**.
21. The Possession Order also amended paragraph 21 of the Receivership Order setting the Receiver’s borrowing limit at the amount of \$150,000.00.
22. Pursuant to the Order of the Honourable Madam Justice Sally Gomery dated June 7, 2021, (the “**Approval Order**”) the Receiver was authorized to proceed with the completion of the Sales Transaction (as defined below) for the sale of the Property and to make an initial distribution to RBC in the amount of \$1,217,691.16 and to pay municipal tax arrears on closing. Attached as **Appendix “4”** is a copy of the Approval Order, along with a copy of the ancillary order issued on the that same day.
23. The prescribed notices and statements of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA were sent to the Debtor’s creditors. A copy of this notice is attached at **Appendix “5”**.

PURPOSE OF THIS REPORT

24. The purpose of this second and final report of the Receiver to the Court (the “**Final Report**”) is to:
 - (a) report on the activities of the Receiver since the First Report;
 - (b) seek the Court’s approval of the activities and conduct of the Receiver and that of its legal counsel as described in the Final Report;
 - (c) seek the Court’s approval of the professional fees and disbursements of the Receiver and of its legal counsel;
 - (d) seek the Court’s approval of the Receiver’s final statement of receipts and disbursement (the “**Final SRD**”);

- (e) seek the Court's approval in respect of a final distribution to Canada Revenue Agency (the "CRA") in the amount of \$401,000.00 on account of personal income taxes owing by the Debtor;
- (f) seek the Court's approval to transfer any surplus funds in the receivership estate to the Debtor following the payments by the Receiver of the amounts set out in paragraphs 24(c) and 24(e) above; and
- (g) seek the Court's approval for the release and discharge of the Receiver, including as a term of the Order discharging it, the release and discharge of the Receiver from any and all liability which the Receiver now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of the Receiver while acting in its capacity as Receiver, save and except for any gross negligence or willful misconduct on the Receiver's part.

25. All amounts referred to in the Final Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

- 26. This Final Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination of whether to approve the relief being sought.
- 27. In preparing this Final Report, the Receiver has relied upon information from third party sources (collectively, the "**Information**"). Certain of the information contained herein may refer to, or be based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Honourable Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook.

RECEIVERSHIP ACTIVITIES FOLLOWING THE APPROVAL ORDER

- 28. Since the date of the First Report, the Receiver has undertaken the following actions in accordance with the Receivership Order and the Approval Order (and Ancillary Order related thereto):
 - (a) completed the Sales Transaction for the sale of the Property;
 - (b) directed its legal counsel to wire the approved distribution in the amount of \$1,217,691.16 to RBC;

- (c) directed its legal counsel to wire payment to the City of Ottawa to satisfy municipal tax arrears in the amount of \$77,763.09;
- (d) arranged for the transfer keys to the purchaser of the Property;
- (e) arranged for the termination of utilities in respect of the Property or for the transfer of accounts to the purchaser;
- (f) arranged for the termination of the insurance in respect of the Property and the return of excess premiums;
- (g) arranged for the termination of the property manager;
- (h) prepared a provisional personal income tax return for the Debtor to support an income tax installment payment towards the Debtor's 2021 income taxes;
- (i) obtained a tax opinion regarding the obligation of the Receiver to consider the impact to CRA regarding the Debtor's personal income taxes; and
- (j) responded to creditor inquiries;

THE PROPERTY, MARKETING OF THE PROPERTY AND RESULTS

- 29. The Property was purchased by the Debtor on May 13, 1974, for \$82,000.00.
- 30. The marketing process and the results of the marketing process for the Property are detailed in Confidential Appendix "C" and a redacted copy was attached at Appendix "7" of the First Report.

THE SALES AGREEMENT AND TRANSACTION

- 31. On March 24, 2021, the Receiver accepted the final offer to purchase the Property (the "**Sales Agreement**"), copies of which were attached as Confidential Appendix "D" and a redacted copy of which was attached as Appendix "8" of the First Report (in which the purchaser's identity and the purchase prices were redacted). The Sales Agreement provided for a deposit of \$100,000.00, and that it was binding, that the conditional period expired on April 4, 2021 (the "**Sales Transaction**") and was subject to the approval of the Court.
- 32. On June 22, 2021, the Sales Transaction closed pursuant to the Sales Agreement and the Approval Order.

ONGOING OPERATIONS

- 33. The Receiver took possession and control of the Property on December 24, 2020.

34. The rent collected to date has been offset by the operating costs and property management fees. There was no outstanding rent from residential tenants at the closing date of the Sales Transaction.
35. There was one commercial tenant who struggled to remit the monthly rent. The Receiver settled with the commercial tenant for rent to the date of closing of the Sales Transaction.
36. The Receiver did obtain two advances from RBC and accordingly issued Receiver's Certificates 1 and 2 for a combined amount of \$70,000.00. This amount was repaid to RBC closing of the Sales Transaction.

PRIORITY AND SECURED CLAIMS

Priority Claims

37. As of April 15, 2021, the Tax Arrears for the Property were \$76,359.60. A copy of the property tax certificate was contained at Appendix "11" of the First Report. On closing of the Sales Transaction, the Tax Arrears in the amount of \$77,763.09 were paid in full.

Secured Claims

38. The parcel register for the Property confirms that RBC registered a charge on title to the Property on May 10, 2019, in the principal amount of \$1,100,000.00. The Receiver obtained an independent legal opinion regarding the validity and enforceability of the Security held by RBC, a copy of which was attached at Appendix "12" of the First Report.
39. Based on this legal opinion, RBC's mortgage security with respect to the Property was valid and enforceable, the Receivership Order entitled the Receiver to deal with and sell the Property, and the site-specific security agreement granted by the Debtor to RBC created an attached and perfected security interest and was enforceable in accordance with its terms.
40. The Receiver paid the amounts owing to RBC in full satisfaction of the Indebtedness.
41. The Receiver is not aware of any other secured creditors.

Personal Income Tax of the Debtor

42. As a result of the completion of the Sales Transaction, the Debtor is required to report the taxable gain in his 2021 personal income tax return.

43. The Receiver obtained a technical memorandum from a tax partner of MNP LLP, a copy of which is attached at **Appendix “6”**, with specific points as follows:
- a) Pursuant to s. 248(1) of the Income Tax Act (the “ITA”), a Receiver would fall under the definition of a “legal representative”;
 - b) Pursuant to s. 159(1)(a)(i) of the ITA, the Receiver would also be considered a “person acting for another”;
 - c) Pursuant to s. 150(3) of the ITA, the Receiver managing or liquidating a property is required to file a return for the taxation year for the Debtor;
 - d) The Receiver is required of the Receiver to report the gain to CRA on behalf of the Debtor. Accordingly, CRA must be made aware of the gain and any taxes owing from the sale of the Property, by the Receiver;
 - e) Pursuant to s. 159(3) of the ITA, the Receiver would have personal liability if it were to distribute the remaining estate funds to the Debtor, without consideration of the personal income taxes that would be owing by the Debtor when filing his 2021 personal income tax return; and
 - f) Pursuant to s. 159(2) of the ITA, the Receiver must confirm that it has remitted funds or provided a secured amount to cover a reasonable expectation of the personal income taxes owing by the Debtor as a result of the sale of the Property.
44. The Receiver has calculated the capital gain to be approximately \$1,903,241.63. A projected “Schedule 3 – Capital Gains (Loss) CRA T-1” income tax return is attached at **Appendix “7”**.
45. The projected income taxes owing by the Debtor resulting from the sale of the Property are approximately \$450,695.91 as confirmed by the provisional income tax return attached at **Appendix “8”**.
46. The Receiver requested the Debtor provide his consent to the Receiver seeking the Court’s approval for the Receiver to remit an amount to CRA on behalf of the Debtor with respect to his projected 2021 personal income taxes.
47. The Debtor expressed concerns over the Receiver’s approach and wanted his accountant to review the calculations to confirm whether further capital costs could be capitalized that would increase

the value of the Property which would directly reduce the personal income taxes owing. A copy of an email from the Debtor's son dated July 9, 2021, is attached at **Appendix "9"**, and confirms the foregoing.

48. On August 30, 2021, the Receiver corresponded with the Debtor's son by email communication to inquire as to the status of their accountants review of the potential income taxes liability. A copy of the said email is attached at **Appendix "10"**.
49. On September 27, 2021, the Debtor's son inquired with the accountant as to the status of determining the potential income tax implications for the Debtor. A copy of this email is attached at **Appendix "11"**.
50. On October 28, 2021, the Debtor's son requested a call with the Receiver to discuss the said income tax implications. During this discussion, the Receiver continued to require that a portion of the remaining trust funds had to be paid to CRA on account of the Debtor's potential income tax liability. The foregoing is confirmed in the email attached hereto at **Appendix "12"**.
51. On November 5, 2021, the Debtor's son requested a summary of the closing costs for the sale of the Property, which the Receiver provided on November 8, 2021. A copy of this email exchange is attached at **Appendix "13"**.
52. On February 22, 2022, the accountant engaged to review the Debtor's personal income tax implications provided their estimate on the capital gains and resulting projected personal income tax liability in the amount of \$514,075.00. Attached at **Appendix "14"** is a copy of the email and the accountant's provisional personal income tax estimate confirming the foregoing.
53. The accountant has assumed a personal tax rate of 53.53%. However, the Receiver had included capital and non-capital losses to arrive at the Receivers provisional amount of \$400,535.21. As result, the provisional income taxes calculated by the Receiver appears to be more representative of the Debtor's potential personal income tax obligation.

FUNDS AVAILABLE FOR DISTRIBUTION

54. A copy of the Receiver's Final SRD is attached at **Appendix "15"**.

PROFESSIONAL FEES

55. Pursuant to paragraph 18 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person.
56. Pursuant to paragraph 19 of the Appointment Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.
57. Attached as **Appendix "16"** hereto is the Affidavit of John Haralovich sworn on March 30, 2022, in support of the fees and disbursements of the Receiver for the period from November 20, 2020 to March 29, 2022 \$65,776.55, plus HST of \$8,550.95 for a total of \$74,327.50. The Receiver estimates an additional \$4,000.00 plus HST to conclude the administration of the Receivership.
58. Attached as **Appendix "17"** hereto is the Affidavit of Roxanne Chapman, sworn on March 28, 2022, in support of the fees and disbursements of the Receiver's counsel for the period up to and including March 28, 2022, totaling \$29,888.63, inclusive of HST, plus an estimated additional \$5,500.00 plus HST to conclude the administration of the Receivership

COMPLETION OF THE RECEIVERSHIP

59. As the Receiver's administration of this estate is substantially complete, the Receiver is presently seeking an Order discharging MNP from the powers, duties and obligations attendant to its appointment as Receiver. The Receiver is proposing that the discharge Order become effective on the day that the Receiver has completed its administration of the receivership in the manner set out in this Final Report.

SUMMARY AND RECOMMENDATIONS

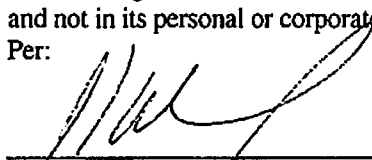
60. For the reasons outlined above, the Receiver respectfully recommends that this Court grant the Receiver's request for an Order, amongst other things:
 - (a) If necessary, abridging the time for and validation of service of the Notice of Motion and Motion Record herein;

- (b) Approving the Receiver's Final Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the Final Report;
- (c) Approving the professional fees and disbursements of the Receiver and of its legal counsel and the payment of such fees and disbursements from available receivership funds;
- (d) Approving the Final SRD;
- (e) Approving a final distribution to CRA in the amount of \$401,000.00 on account of personal income taxes owing by the Debtor;
- (f) Approving the transfer of any surplus funds from the receivership estate to the Debtor following the payment by the Receiver of the amounts set out above; and
- (g) discharging and releasing MNP from the powers, duties and obligations attendant to its appointment as Receiver, effective upon the Receiver having completed its administration of the Debtor's receivership.

This Final Report is respectfully submitted to the Honourable Court as of this 30th day of March 2022.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
Yuk Cheung Lee
and not in its personal or corporate capacity
Per:



John P. Haralovich, CPA, CA, CIRP, CMA
Senior Vice President

1

Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

| | | |
|---|----------------------|--|
| <p>THE HONOURABLE MADAM JUSTICE SALLY GOMERY</p> | <p>)))</p> | <p>TUESDAY, THE 8TH DAY OF DECEMBER, 2020.</p> |
|---|----------------------|--|

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

RECEIVERSHIP ORDER

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing MNP Ltd. as receiver (in such capacities, the "Receiver") without security, of the assets, undertakings and properties, including the property described in Schedule "A" attached hereto (collectively, the "Property") of the Respondent (hereinafter the "Debtor") was heard this day at the Courthouse, 161 Elgin Street, Ottawa, Ontario, K2P 2K1.

ON READING the Affidavit of Jerry Tsao, sworn on October 29, 2020 and the Exhibits thereto, the Factum and Authorities of the Applicant, on hearing the submissions of counsel for the parties, no one appearing on behalf of any other creditors on the Service List although duly served as appears from the Affidavit of Service of Roxanne Chapman sworn on November 27,

2020 and on reading the consent of MNP Ltd., dated October 26, 2020, to act as the Receiver in respect of the assets of the Respondent referred to herein and the consent of the parties to the relief being sought on this motion,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, MNP Ltd. is hereby appointed Receiver, without security, of the Debtor's Property, including all proceeds thereof.

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding \$_____, provided that the aggregate consideration for all such transactions does not exceed \$_____; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than

such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental

Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a Judge of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$_____ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall

be valid and effective service. Subject to Rule 17.05 this order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

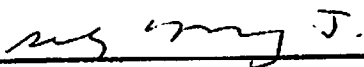
30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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|------------------------------|------------|
| ENTERED AT OTTAWA | |
| INSCRIT A OTTAWA | |
| ON/LE | 08DEC 2020 |
| DOCUMENT # | 0411 |
| IN BOOK NO. 73-13 | |
| AU REGISTRE NO. 73-13 | |



 THE HONOURABLE MADAM JUSTICE SALLY GOMERY

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that MNP Ltd., the receiver (the "Receiver") of all of the assets, undertakings and properties of the Debtor, acquired for, or used in relation to the Property appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ____ day of _____, 2020 (the "Order") made in an action having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

SCHEDULE "A"

The legal description of the Property is as follows:

1. **LT 11, BLK B, PL 8, S/S WILBROD ST; SAVE & EXCEPT PARTS 1 AND 2 ON 5R8756, OTTAWA/NEPEAN.**

PIN: 04211-0260 (LT)

LRO: #4

Municipal Address: 330-332 Wilbrod Street, Ottawa, Ontario

ROYAL BANK OF CANADA
Applicant

-and- YUK CHEUNG LEE
Respondent

APPLICATION UNDER s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C-43 and s. 243 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, ss. 67(1)(a) and (e) of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 and Rules 14.05(2), (3) (g) and (h) of the Rules of Civil Procedure

Court File No. CV-20-00084880-0000

ONTARIO

SUPERIOR COURT OF JUSTICE

IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario
PROCEEDING COMMENCED AT OTTAWA

RECEIVERSHIP ORDER

SOLOWAY WRIGHT LLP
700-427 Laurier Avenue West
Ottawa, ON K1R 7Y2

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aducasse@solowaywright.com
613-236-0111 telephone
613-238-8507 facsimile

Lawyers for the Applicant, Royal Bank of Canada

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Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

| | | |
|----------------------|---|----------------------------------|
| THE HONOURABLE MADAM |) | TUESDAY, THE 8 TH DAY |
| |) | |
| JUSTICE SALLY GOMERY |) | OF DECEMBER, 2020. |

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

ANCILLARY ORDER

THIS APPLICATION made by the Applicant for an, amongst other relief, an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing MNP Ltd. as receiver (In such capacities, the "Receiver") without security, of the assets, undertakings and properties, including the property municipally known as 330-332 Willbrod Street, Ottawa, Ontario (collectively the "Property") of the Respondent (hereinafter the "Debtor") was heard this day at the Courthouse, 161 Elgin Street, Ottawa, Ontario, K2P 2K1.

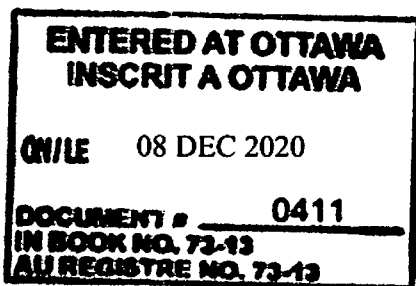
ON READING the Affidavit of Jerry Tsao, sworn on October 29, 2020 and the Exhibits thereto, the Factum and Authorities of the Applicant, on hearing the submissions of counsel for the parties, no one appearing on behalf of any other creditors on the Service List although duly served as appears from the Affidavit of Service of Roxanne Chapman sworn on November 27,

2020 and on reading the consent of MNP Ltd., dated October 26, 2020, to act as the Receiver in respect of the assets of the Debtor referred to herein and the consent of the parties to the relief being sought on this motion,

1. THIS COURT ORDERS that MNP Ltd. in its capacity as Receiver of the Debtor's Property shall endeavour to complete the transaction the ("Transaction") provided for in the agreement of purchase and sale between the Debtor and the purchaser(s) dated October 30, 2020 (the "Agreement"), provided however that both the Transaction and the Agreement shall be approved by the Court.

2. THIS COURT ORDERS that in the event the Transaction becomes firm and all conditions with respect to the Transaction and/or the Agreement are waived on or before December 15, 2020, and the Court approves both the Transaction and the Agreement, the Receiver shall not be required to manage or take care or control of the Property pending closing of the Transaction, including, without limitation, not being required to collect any rents from any commercial and/or residential tenants.

3. THIS COURT ORDERS that despite issuance of the Receivership Order herein, since as of the date hereof the Respondent has no insurance coverage in relation to the Property, the Receiver shall not be deemed to be in possession of the Property until such time as the Receiver has obtained insurance coverage in respect of the Property satisfactory to the Receiver in its discretion. The Receiver shall provide written notice to the service list upon obtaining such insurance and taking possession of the Property, and on the day that such notice has been provided will then be deemed to be in possession.





 THE HONOURABLE MADAM JUSTICE SALLY GOMERY

ROYAL BANK OF CANADA
Applicant

- and -

YUK CHEUNG LEE
Respondent

APPLICATION UNDER s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C-43 and s. 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, ss. 67(1)(a) and (e) of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 and Rules 3 and 14.05(2), (3)(g) and (h) of the *Rules of Civil Procedure*

Court File No. CV-20-00084880-0000

ONTARIO SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF YUK CHEUNG LEE of the City of
Ottawa, in the Province of Ontario**

Proceeding Commenced at Ottawa

ANCILLARY ORDER

SOLOWAY WRIGHT LLP

Lawyers

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Ottawa ON K1R 7Y2

André A. Ducasse - LSUC No.: 044739R

(613) 236-0111 telephone

(613) 238-8507 facsimile

Lawyers for the Applicant

Box 379

ROYAL BANK OF CANADA
Applicant

- and -

YUK CHEUNG LEE
Respondent

APPLICATION UNDER s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C-43 and s. 243 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, ss. 67(1)(a) and (e) of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 and Rules 3 and 14.05(2), (3) (g) and (h) of the *Rules of Civil Procedure*

Court File No.: CV-20-00084880-0000

**ONTARIO SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

Proceedings commenced at Ottawa

CONSENT

SOLOWAY WRIGHT LLP
Lawyers
700-427 Laurier Avenue West
Ottawa, ON K1R 7Y2

André A. Ducasse (#44739R)
613-236-0111 telephone
613-230-8842 facsimile

Lawyers for the Applicant

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Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

| | | |
|----------------|---|----------------------------------|
| THE HONOURABLE |) | MONDAY, THE 21 st DAY |
| |) | |
| JUSTICE GOMERY |) | OF DECEMBER, 2020 |

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

YUK CHEUNG LEE

Respondent

ORDER

THIS PROCEEDING, ordered returnable today in connection with the matters set out in the Court's Ancillary Order made December 8, 2020, came on for hearing today by videoconference hearing, at the Courthouse, 161 Elgin St., Ottawa, Ontario;

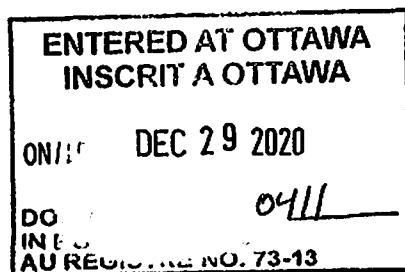
ON READING the Affidavit of Carmine Tripudlo sworn December 18, 2020 and the Exhibits thereto and which attaches at Exhibit "C" an Agreement of Purchase and Sale dated October 30, 2020 (the "Agreement"), in respect of the premises municipally known as 330-332 Wilbrod St., Ottawa, Ontario (the "Property"); on hearing the submissions of counsel for the Applicant and the Respondent; and on

being advised that the parties in attendance consent to an Order on the terms set out below:

1. THIS COURT ORDERS that commencing immediately the Receiver may make arrangements for a property manager of the Receiver's choosing to manage the Property on such terms as may be deemed appropriate by the Receiver in its sole discretion;
2. THIS COURT ORDERS that the Respondent shall have until noon, local Ottawa time on December 24, 2020, to deliver written evidence satisfactory to the Receiver in its sole discretion of the waiver of all conditions under the Agreement by the purchaser such that the Agreement shall be, as of the said time and date, firm and binding on the parties thereto;
3. THIS COURT ORDERS that the Respondent shall have until 9:00am, local Ottawa time on December 22, 2020, to deliver to the Receiver a current rent roll for the Property, and, with respect to each lease for premises at the Property, whether residential or commercial, a copy of any written lease in his possession or control, and the most up to date current contact information available to the Respondent for each tenant at the Property, including the tenant's name, address, telephone numbers, and email addresses;
4. THIS COURT ORDERS that in the event the Respondent satisfies the requirements set out in paragraphs 2 and 3 of this Order above without default, the Receiver shall take all reasonable steps to complete the sale on the terms set out in the Agreement, and the Agreement and the sale transaction provided for thereby are hereby authorized and approved, with such minor amendments as the Receiver may deem necessary, and the Receiver shall endeavour to close the said transaction within 30 days of

the date hereof and in any event as promptly as is thereafter reasonably possible. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the sale and for the conveyance of the Property to the purchaser.

5. THIS COURT ORDERS that in the event of any breach of the requirements set out in paragraphs 2 and 3 of this Order above, or in the event the Court does not approve the Agreement and/or the transaction contemplated thereby, the Receiver shall be entitled to forthwith assume management and control of the Property, initiate a sales and marketing process for the sale of the Property, and otherwise proceed under the Receivership Order issued by this Court on December 8, 2020.
6. THIS COURT ORDERS that the Affidavit of Carmine Tripudio, sworn December 18, 2020 and the Exhibits thereto shall be sealed by the Clerk of the Court, and not form part of the public record for a period of six months from the making of this Order, or such other period as the Court may order.
7. THIS COURT ORDERS THAT the Receiver's borrowing limit pursuant to paragraph 21 of the Receivership Order issued herein on December 8, 2020 shall be the amount of \$150,000.00.
8. THIS COURT ORDERS that this Order shall be of full force and effect without any further formality.



Gomery J.
GOMERY J.

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Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

THE HONOURABLE MADAM) MONDAY, THE 7TH DAY
JUSTICE SALLY GOMERY) OF JUNE, 2021.

BETWEEN:

ROYAL BANK OF CANADA

Applicant



- and -

YUK CHEUNG LEE

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by MNP Ltd. in its capacity as the Court-appointed receiver (the "Receiver") of certain undertakings, properties and assets of the Respondent, Yuk Cheung Lee (the "Debtor"), for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and 12784220 Canada Inc. (the "Purchaser") dated March 24, 2021 and which agreement is appended as a Confidential (redacted) Appendix to the Report of the Receiver dated April 29, 2021 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at the Courthouse, 161 Elgin Street, Ottawa, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver and for the parties in attendance, no one appearing for any other party on the service list, although properly served as appears from the Affidavit of Service of Roxanne Chapman, sworn on May 19, 2021 filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Madam Justice Sally Gomery dated December 8, 2020; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

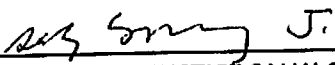
the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent

preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

8. ~~THIS COURT ORDERS~~ that this Approval and Vesting Order shall take effect without any further formality. ^{1.5.}

| | |
|---------------------------------------|------------|
| ENTERED AT OTTAWA INSCRIT A OTTAWA | |
| ON/LE | 06/08/2021 |
| DOCUMENT # | 0411 |
| IN BOOK NO. 73-13 | |
| AU REGISTRE NO. 73-13 | |



 THE HONOURABLE MADAM JUSTICE SALLY GOMERY

Schedule A – Form of Receiver’s Certificate

Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Madam Justice Sally Gomery of the Ontario Superior Court of Justice (the "Court") dated December 8, 2020, MNP Ltd. was appointed as the receiver (the "Receiver") of certain undertakings, properties and assets of the Respondent, Yuk Cheung Lee (the "Debtor").

B. Pursuant to an Order of the Court dated June 7, 2021, the Court approved the agreement of purchase and sale made as of March 24, 2021 (the "Sale Agreement") between the Receiver and 12784220 Canada Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser

of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

MNP LTD., solely in its capacity as Court-Appointed Receiver of the undertakings, properties and assets of the Debtor, and not in its personal capacity

Per: _____
 Name:
 Title:

Schedule B – Purchased Assets

The legal description of the Property is as follows:

1. LT 11, BLK B, PL 8, S/S WILBROD ST; SAVE & EXCEPT PARTS 1 and 2 ON SR8756, OTTAWA/NEPEAN.

PIN: 04211-0260 (LT)

LRO: #4

Municipal Address: 330-332 Wilbrod Street, Ottawa, Ontario.

Schedule C – Claims to be deleted and expunged from title to Real Property

The following Claims are to be deleted and expunged from title to the Real Property:

| Instrument Number | Date of Registration | Description |
|--------------------------|-----------------------------|--------------------|
| OC2098639 | 2019/05/10 | Charge |
| OC2098647 | 2019/05/10 | No Assgn Rent Gen |
| OC2302428 | 2021/01/13 | APL Court Order |

| PPSA File and Registration Number | Date of Registration | Description |
|---|-----------------------------|--|
| File #: 725223951 Registration #: 20170301 1418 1590 8708 | 2017/03/01 | Site specific security agreement between the Debtor and the Secured Party dated February 27, 2017 and a General Assignment of Rents by the Debtor in favour of the Secured Party dated February 27, 2017 for 330-332 Wilbrod Street, Ottawa. |

| Date of Issuance of Writ/Execution (Sheriff of City of Ottawa) | Execution Number | Execution Creditor |
|---|-------------------------|---------------------------|
| 2020/12/16 | 20-0001068 | Ru Yi Gu |
| 2021/03/11 | 21-0000368 | Bank of Montreal |

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property and Permitted PPSA Registrations**

(unaffected by the Vesting Order)

Any Instrument registered against title to the Real Property not listed in Schedule "C" hereto as of the date hereof is a permitted encumbrance.

ROYAL BANK OF CANADA

- and -

YUK CHEUNG LEE

Applicant

Respondent

Court File No.: CV-20-00084880-0000

ONTARIO SUPERIOR COURT OF JUSTICE**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF YUK CHEUNG LEE, of the City of
Ottawa, in the Province of Ontario**

Proceedings commenced at Ottawa, Ontario

APPROVAL AND VESTING ORDER**SOLOWAY WRIGHT LLP**

Lawyers

700-427 Laurier Avenue West

Ottawa, ON K1R 7Y2

André A. Ducasse (#44739R)aducasse@solowaywright.com

613-236-0111 telephone

613-238-8507 facsimile

Lawyers for the Court-Appointed Receiver, MNP Ltd.

Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

| | | |
|----------------------|---|---------------------------------|
| THE HONOURABLE MADAM |) | MONDAY, THE 7 TH DAY |
| JUSTICE SALLY GOMERY |) | OF JUNE, 2021. |

BETWEEN:

ROYAL BANK OF CANADA

Applicant



- and -

YUK CHEUNG LEE

Respondent

ORDER

THIS MOTION made by MNP Ltd. in its capacity as the Court-Appointed Receiver (the "Receiver") of certain assets, undertakings and properties of the Respondent, Yuk Cheung Lee (the "Debtor"), for an Order, *inter alia*:

1. Dispensing with service and/or declaring that service of this motion has been validly effected on all necessary parties and declaring that this motion is properly returnable on June 7, 2021;
2. Approving the Receiver's First Report to the Court dated April 29, 2021 (the "First Report"), and the activities and conduct of the Receiver and its legal counsel since its appointment;

3. **Approving the Sales Agreement and the Sales Transaction (as these terms are described and defined in the First Report) and the execution of the Sales Agreement by the Receiver;**
4. **Vesting in the purchaser pursuant to the Sales Agreement (the "Purchaser") the Debtor's right, title and interest in the assets described in the Sales Agreement (the "Purchased Assets") and vesting title in the Purchased Assets to the Purchaser free and clear of any claims, liens and encumbrances;**
5. **Sealing confidential appendices "A", "B", "C" and "D" to the First Report (the "Confidential Appendices");**
6. **Approving the Receiver's interim statement of receipts and disbursements (the "Interim SRD");**
7. **In the event the Sales Transaction closes and the Receiver receives the sale proceeds (the "Sale Proceeds"), authorizing and directing the Receiver to pay from the Sale Proceeds a distribution to the Royal Bank of Canada ("RBC") in the amount of \$1,217,691.16 in respect of RBC's secured mortgage claim; and**
8. **In the event the Sales Transaction closes and the Receiver receives the Sale Proceeds from the Purchaser, authorizing and directing the Receiver to pay from the Sale Proceeds any municipal tax arrears (the "Tax Arrears"), if any, in respect of the Purchased Assets to the City of Ottawa.**

was heard this day at the Courthouse, 161 Elgin Street, Ottawa, Ontario.

ON READING the Notice of Motion and the First Report, and the Factum and Authorities filed by the Receiver and on hearing the submissions of counsel for the Receiver and for those parties in attendance, no one else appearing for any other person on the service list, although properly served as evidenced by the Affidavit of Service of Roxanne Chapman, sworn on May 19, 2021, filed,

1. **THIS COURT ORDERS AND DECLARES** that service of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS AND DECLARES** that the Receiver's First Report is hereby approved and that the activities and conduct of the Receiver and that of its legal counsel as set forth in the First Report are hereby ratified and approved.
3. **THIS COURT ORDERS AND DECLARES** that the Confidential Appendices shall be kept sealed and confidential and shall not form part of the public record until the Sales Transaction closes or pending further Order of this Court.
4. **THIS COURT ORDERS AND DECLARES** that the Receiver's Interim SRD is hereby approved.
5. **THIS COURT ORDER AND DIRECTS** that, in the event the Sales Transaction closes and the Receiver receives the Sale Proceeds from the Purchaser, the Receiver shall pay a distribution to RBC in the amount of \$1,217,691.16 on account of RBC's secured mortgage claim.
6. **THIS COURT AUTHORIZES AND DIRECTS** that, in the event the Sales Transaction closes and the Receiver receives the Sale Proceeds from the Purchaser, the Receiver shall pay any Tax Arrears in respect of the Purchased Assets from the Sale Proceeds to the City of Ottawa.
7. ~~**THIS COURT ORDERS** that this Order shall take effect without any further formality.~~ ^{o b.}

| |
|--|
| <p>ENTERED AT OTTAWA INSCRIT A OTTAWA</p> <p>ON/LE 06/08/2021</p> <p>DOCUMENT # 0411</p> <p>IN BOOK NO. 73-13</p> <p>AU REGISTRE NO. 73-13</p> |
|--|

Sally Gomery J.

 THE HONOURABLE MADAM JUSTICE SALLY GOMERY

ROYAL BANK OF CANADA

- and -

YUK CHEUNG LEE

Applicant

Respondent

Court File No.: CV-20-00084880-0000

ONTARIO SUPERIOR COURT OF JUSTICE**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF YUK CHEUNG LEE, of the City of
Ottawa, in the Province of Ontario**

Proceedings commenced at Ottawa, Ontario

ORDER**SOLOWAY WRIGHT LLP**

Lawyers

700-427 Laurier Avenue West
Ottawa, ON K1R 7Y2**André A. Ducasse (#44739R)**aducasse@solowaywright.com

613-236-0111 telephone

613-238-8507 facsimile

Lawyers for the Court-Appointed Receiver, MNP Ltd.

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District of: Ontario
 Division No. 12 - Ottawa
 Court No. 33-165760
 Estate No. 33-165760

- FORM 87 -

Notice of Statement of the Receiver
 (Subsections 245(1) and 246(1) of the Act)

In the Matter of the Receivership of
 Yuk Cheung Lee
 of the City of Ottawa
 in the Province of Ontario

The receiver gives notice and declares that:

1. On the 24th day of December 2020, we, MNP Ltd., became the receiver in respect of the property of Yuk Cheung Lee, that is described below:

Real Property or Immovable Building - Ottawa - 330 - 332 Wilbrod Street 1800000.00

2. We became a receiver by having taken possession or control of the property described above (or by virtue of being appointed by The Royal Bank of Canada), pursuant to a specific security agreement dated April 12, 2019, an assignment of rents dated May 10, 2019, a mortgage charge dated May 10, 2019

3. The undersigned took possession or control of the property described above on the 28th day of December 2020.

4. The following information relates to the receivership:

(a) Address: 330-332 Wilbrod Street, Ottawa, ON, K1N 6M4

(b) Principal line of business: Investment Properties

(c) Location(s) of business:

330 Wilbrod Street, Ottawa, ON, K1N 6M4

(d) Amount owed to each creditor who holds a security on the property described above:

| | |
|------------------------------------|--------------|
| City of Ottawa - Legal Department | \$25420.90 |
| RBC Royal Bank / Banque Royale | \$1142042.00 |
| BMO Bank of Montreal (326 Wilbrod) | \$560000.00 |
| City of Ottawa (re 326 Wilbrod) | \$136000.00 |

(e) The list of other creditors and the amount owed to each creditor and the total amount due is as follows:

| | | |
|--------------------------------|-----------|-------------|
| Hydro Ottawa | Unsecured | \$11000.00 |
| City of Ottawa - Water & Sewer | Unsecured | \$27000.00 |
| CRA - Tax - Ontario | Unsecured | \$400000.00 |
| Ry Yi Gu | Unsecured | \$4721.97 |

(f) The intended plan of action of the receiver during the receivership, to the extent that such a plan has been determined, is as follows: The Receiver took possession of 330-332 Wilbrod Street, Ottawa, Ontario, as so ordered by the Court, effective December 24, 2020 following the debtor not receiving a final waiver of conditions pursuant to an purchase agreement. The Receiver will manage, market and sell 330-332 Wilbrod Street as set out in the Appointing Order dated December 8, 2020. The Receiver will not take any conservatory or protective measures with regards to other assets of the debtor including the property municipally known as 326 Wilbrod Street, Ottawa, Ontario.

(g) Contact person for receiver:

John Haralovich, Tel: (613) 691-4270, Fax: (613) 726-9009.

Dated at the City of Ottawa in the Province of Ontario, this 6th day of January 2021.

MNP Ltd. - Licensed Insolvency Trustee

Per:



John Haralovich - Receiver

1600 Carling Avenue, Suite 800

Ottawa ON K1Z 1G3

Phone: (613) 691-4270 Fax: (613) 726-9009

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MEMO

To: File

From: Vivek Thareja and Peter Bangs

Date: September 1, 2021

Re: Liability for Tax as Receiver

The following is an analysis of the taxation issue that may arise as a result of selling property as receiver to recover amounts for secured creditors. Upon sale of a property owned by Yuk Lee a capital gain on the sale is expected to arise which is to be reported to the Canada Revenue Agency ("CRA"). There are funds remaining after discharge of a mortgage associated with the property and accordingly the question is as to whether the remaining funds can be distributed to Yuk Lee without holding back any funds to pay CRA on the capital gain.

AnalysisLegal Representative

A "receiver" falls under the definition of a legal representative pursuant to subsection 248(1) of the Income Tax Act ("ITA or Act"), as follows:

legal representative of a taxpayer means a trustee in bankruptcy, an assignee, a liquidator, a curator, a receiver of any kind, a trustee, an heir, an administrator, an executor, a liquidator of a succession, a committee, or any other like person, administering, winding up, controlling or otherwise dealing in a representative or fiduciary capacity with the property that belongs or belonged to, or that is or was held for the benefit of, the taxpayer or the taxpayer's estate;

Further, pursuant to subparagraph 159(1)(a)(i) of the Act,

Person acting for another — *For the purposes of this Act, where a person is a legal representative of a taxpayer at any time,*

(a) the legal representative is jointly and severally, or solidarily, liable with the taxpayer

(i) to pay each amount payable under this Act by the taxpayer at or before that time and that remains unpaid, to the extent that the legal representative is at that time in possession or control, in the capacity of legal representative, of property that belongs or belonged to, or that is or was held for the benefit of, the taxpayer or the taxpayer's estate

Accordingly, the receiver would be jointly liable with the taxpayer to pay the income tax under the act at such time that the property is held by the legal representative. Where the liability on the taxpayer would arise where the property was not in control of the receiver then the receiver wouldn't be liable. Given that the property was sold by the receiver and the funds are in possession of the receiver, the liability under the Act would be a joint liability between the taxpayer and the receiver.

Reporting of the Capital Gain

Pursuant to subsection 150(3) of the Act,

Every trustee in bankruptcy, assignee, liquidator, curator, receiver, trustee or committee and every agent or other person administering, managing, winding up, controlling or otherwise dealing with the property, business, estate or income of a person who has not filed a return for a taxation year as required by this section shall file a return in prescribed form of that person's income for that year.

There is a requirement of the receiver to report the gain to CRA on behalf of the person of whom the property was. Accordingly, CRA must be made aware of the gain and any taxes due on the sale of the property, by the receiver.

Further, under 162(3), the receiver would be liable for a penalty of \$10 for each day of default to a maximum of \$50.

Every person who fails to file a return as required by subsection 150(3) of the Act is liable to a penalty of \$10 for each day of default but not exceeding \$50.

Where the Receiver would have Personal Liability

Under subsection 159(3) of the Act, the legal representative would have personal liability where:

If a legal representative (other than a trustee in bankruptcy) of a taxpayer distributes to one or more persons property in the possession or control of the legal representative, acting in that capacity, without obtaining a certificate under subsection (2) in respect of the amounts referred to in that subsection,

(a) the legal representative is personally liable for the payment of those amounts to the extent of the value of the property distributed;

(b) the Minister may at any time assess the legal representative in respect of any amount payable because of this subsection; and

(c) the provisions of this Division (including, for greater certainty, the provisions in respect of interest payable) apply, with any modifications that the circumstances require, to an assessment made under this subsection as though it had been made under section 152 in respect of taxes payable under this Part.

If the legal representative hasn't received a certificate under subsection 159(2) of the Act, then that legal representative would be personally liable for amounts assessed owing by the Minister.

Further, pursuant to subsection 159(2) of the Act,

Every legal representative (other than a trustee in bankruptcy) of a taxpayer shall, before distributing to one or more persons any property in the possession or control of the legal representative acting in that capacity, obtain a certificate from the Minister, by applying for one in prescribed form, certifying that all amounts

(a) for which the taxpayer is or can reasonably be expected to become liable under this Act at or before the time the distribution is made, and

(b) for the payment of which the legal representative is or can reasonably be expected to become liable in that capacity have been paid or that security for the payment thereof has been accepted by the Minister.

The receiver would need to essentially have permission from the minister that the amounts owing under the Act have either been paid or that the amount has been secured to cover the amount assessed under the Act

Conclusion

The receiver, acting as a legal representative, needs to report the gain to the CRA and if not face a penalty for not doing so. Before releasing any funds to the taxpayer, the receiver should obtain permission in prescribed form from the minister that the amounts owing have either been paid or amounts are secured satisfactorily.

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Name: Yuk Cheang Lee

SIN:

Office copy 2022/03/23
Protected B when completed

T1-2021

Capital Gains (or Losses)

Schedule 3

Complete this schedule to report your taxable capital gains on line 12700 of your return. Attach a copy of this schedule to your paper return. For more information about capital gains or losses, including business investment losses, see Guide T4037, Capital Gains. If you realized a gain on a disposition, you may be able to claim a capital gains deduction on line 25400 of your return. If you have capital gains or losses on your T5, T5013, T4PS, and T3 information slips, report them on line 17400 or line 17600 of this schedule.

| Property type | (1) Year of acquisition | (2) Proceeds of disposition | (3) Adjusted cost base | (4) Outlays and expenses (from dispositions) | (5) Gain (or loss) (column 2 minus columns 3 and 4) |
|---------------|----------------------------|--------------------------------|---------------------------|---|--|
|---------------|----------------------------|--------------------------------|---------------------------|---|--|

1. Qualified small business corporation shares

| Number | Name of corp. and class of shares | (1) | (2) | (3) | (4) | (5) |
|-------------------------|-----------------------------------|-------|-----|-----|-----|----------------------|
| Amounts from T3 / T5013 | | | | | | |
| Total | | 10699 | | | | Gain (or loss) 10700 |

2. Qualified farm or fishing property

| Address or legal description | Prov./Terr. | (1) | (2) | (3) | (4) | (5) |
|------------------------------|-------------|-------|-----|-----|-----|----------------------|
| Amounts from T3 / T5013 | | | | | | |
| Total | | 10999 | | | | Gain (or loss) 11000 |

Mortgage foreclosures and conditional sales repossessions

| Address or legal description | Prov./Terr. | (1) | (2) | (3) | (4) | (5) |
|------------------------------|-------------|-------|-----|-----|-----|----------------------|
| Amounts from T5013 | | | | | | |
| Total | | 12399 | | | | Gain (or loss) 12400 |

3. Publicly traded shares, mutual fund units, deferral of eligible small business corporation shares, and other shares

| Number | Name of fund/corp. and class of shares | (1) | (2) | (3) | (4) | (5) |
|--------------------|--|-------|-----|-----|-----|----------------------|
| Amounts from T5008 | | | | | | |
| Amounts from T1170 | | | | | | |
| Total | | 13199 | | | | Gain (or loss) 13200 |

4. Real estate, depreciable property and other properties (see below for a principal residence)

| Address or legal description | Prov./Terr. | (1) | (2) | (3) | (4) | (5) |
|------------------------------|-------------|-------|--------------|------------|------------|-----------------------------------|
| 330 Wilbrod | ON | 1,974 | 2,160,000.00 | 82,000.00 | 186,635.00 | 1,891,365.00 |
| 326 Wilbrod | ON | 2,008 | 544,400.00 | 215,000.00 | 88,994.62 | 240,405.38 |
| Total | | 13599 | 2,704,400.00 | | | Gain (or loss) 13800 2,131,770.38 |

5. Bonds, debentures, promissory notes, and other similar properties

| Face value | Maturity date | Name of issuer | (1) | (2) | (3) | (4) | (5) |
|--------------------|---------------|----------------|-----|-----|-----|----------------------|-----|
| Amounts from T1170 | | | | | | | |
| Total | | 15199 | | | | Gain (or loss) 15300 | |

6. Other mortgage foreclosures and conditional sales repossessions

| Address or legal description | Prov./Terr. | (1) | (2) | (3) | (4) | (5) |
|------------------------------|-------------|-------|-----|-----|-----|----------------------|
| Total | | | | | | |
| Total | | 15499 | | | | Gain (or loss) 15500 |

7. Personal-use property (see below for a principal residence)

| (Provide a full description) | (1) | (2) | (3) | (4) | (5) |
|---|-----|-----|-----|-----|-----------------|
| Principal Residence (Individual) - T2091 Amount | | | | | |
| | | | | | Gain only 15800 |

8. Listed personal property (LPP)

| (Provide a full description) | (1) | (2) | (3) | (4) | (5) |
|---|-----|-----|-----|-----|---------------------|
| Subtract: unapplied LPP losses from other years - | | | | | |
| | | | | | Net gain only 15900 |

Disposition of an interest in a partnership to a non-resident or tax-exempt entity - Inclusion rate of 100%

| Description | (1) | (2) | (3) | (4) | (5) |
|-------------|-----|-----|-----|-----|---|
| | | | | | Gain (included in the amount at line 19900) 50410 |

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| | | | | |
|---|--|-----------|-----------|-----------|
| Add lines 1 to 9. | Total of gains (or losses) of qualified properties and other properties | 2,131,770 | 38 | 10/1 |
| Capital gains deferral from qualifying dispositions of eligible small business corporation shares included on line 4 above | | 16100 | - | 12 |
| Line 11 minus line 12 | | = | 2,131,770 | 38 |
| Capital gains (or losses) from T5, T5013 and T4PS information slips | | 17400 | + | 14 |
| Capital gains (or losses) from T3 information slips | | 17600 | + | 15 |
| Add lines 13 to 15. | | = | 2,131,770 | 38 |
| Capital loss from a reduction in your business investment loss | | 17800 | - | 17 |
| Total of all gains (or losses) before reserves: line 16 minus line 17 | | 19100 | = | 2,131,770 |
| Reserves from line 67060 of Form T2017 (if negative, show in brackets and subtract) | | 19200 | + | 19 |
| Total capital gains (or losses) line 18 plus line 19 | | 19700 | = | 2,131,770 |
| Applicable rate | | x | 50 | % 21 |
| Line 20 multiplied by the percentage on line 21. If the result is positive, enter it on line 12700 of your return. If the result is negative (loss), read the instructions below. | Taxable capital gains (or net capital loss) in 2021 | 19900 | | 1,065,885 |
| | | | | 19 |

If the amount on line 22 is negative (loss), do not report the amount on line 12700 of your return. Your latest notice of assessment or reassessment will give you the amount of the loss that you can use to reduce your taxable capital gains of other years.

If you have a net capital loss in 2021 and would like to apply it against taxable capital gains that you reported on your 2018, 2019, or 2020 return, complete Form T1A, Request for Loss Carryback.

You can carry forward your net capital losses indefinitely and apply them against your taxable capital gains in the future.

Principal residence

Complete this part if you disposed of a property (or properties) in 2021 for which you are claiming a principal residence exemption.

Also complete Form T2091(IND), Designation of a property as a principal residence by an individual, or Form T1255, Designation of a Property as a Principal Residence by the Legal Representative of a Deceased Individual, whichever applies.

Even if you do not sell your property, you may have a deemed disposition that you must report. A deemed disposition occurs when you are considered to have disposed of property even though you did not actually sell it. For example, a deemed disposition may occur when you change how you use your principal residence, such as when you change all or part of your principal residence to a rental or business operation, or change your rental or business operation to a principal residence.

If you were not a resident of Canada for the entire time you owned the designated property, your period of non-residence may reduce or eliminate the amount of the principal residence exemption. For more information, call the CRA at 1-800-959-8281.

Principal residence designation

Tick the box that applies to your designation of the property described on Form T2091(IND) or Form T1255.

- 17900 I designate the property to have been my principal residence for all years owned or for all years owned except one year in which I replaced my principal residence.
- 2 I designate the property to have been my principal residence for some but not all years owned.
- 3 I designate the properties to have been my principal residences for some or all of the years owned.


See the privacy notice on your return.

8

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| | | |
|---|---|----------------------------|
|  | Canada Revenue Agency Agence du revenu du Canada | Protected B when completed |
| Income Tax and Benefit Return | | |
| T1 2021 | | |

If this return is for a deceased person, enter their information on this page.

Attach to your paper return only the documents that are requested to support your deduction, claim, or expense. Keep all other documents in case the Canada Revenue Agency (CRA) asks to see them later. See the guide for more information about supporting documents.

Step 1 – Identification and other information

ON 7


| | | |
|--|---|--|
| <p>Identification</p> <p>First name: <u>Yuk Cheang</u> Last name: <u>Lee</u></p> <p>Care of: _____</p> <p>Mailing address: <u>385 Clinton Street</u></p> <p>PO Box: _____ RR: _____</p> <p>City: <u>Toronto</u> Prov./Terr.: <u>ON</u> Postal code: <u>M1G 2Z1</u></p> <p>Email address: _____</p> <p><small>By providing an email address, you are registering to receive email notifications from the CRA and agree to the Terms of use in Step 1 of the guide.</small></p> | <p>Social insurance number (SIN): _____</p> <p>Date of birth (Year Month Day): <u>1,9,3,3 0,5 2,6</u></p> <p><small>If this return is for a deceased person, enter the date of death (Year Month Day)</small></p> <p>_____ _____ _____ _____ _____ _____ </p> | <p>Marital status on December 31, 2021:</p> <p>1 <input checked="" type="checkbox"/> Married</p> <p>2 <input type="checkbox"/> Living common-law</p> <p>3 <input type="checkbox"/> Widowed</p> <p>4 <input type="checkbox"/> Divorced</p> <p>5 <input type="checkbox"/> Separated</p> <p>6 <input type="checkbox"/> Single</p> |
| | | <p>Your language of correspondence: <input checked="" type="checkbox"/> English <input type="checkbox"/> Français</p> <p>Voire langue de correspondance: _____</p> |

| | |
|--|---|
| <p>Residence information</p> <p>Your province or territory of residence on December 31, 2021: <u>Ontario</u></p> <p>Your current province or territory of residence if it is different than your mailing address above: _____</p> <p>Province or territory where your business had a permanent establishment if you were self-employed in 2021: _____</p> | <p>If you became a resident of Canada in 2021 for income tax purposes, enter your date of entry: _____ (Month Day)</p> <p>If you ceased to be a resident of Canada in 2021 for income tax purposes, enter your date of departure: _____ (Month Day)</p> |
|--|---|

| | |
|---|----------------------------|
| Your spouse's or common-law partner's information | |
| Their first name: <u>Frances</u> | Their SIN: _____ |
| Tick this box if they were self-employed in 2021. | 1 <input type="checkbox"/> |
| Net income from line 23600 of their return to claim certain credits (even if the amount is "0") | <u>19,383</u> 27 |
| Amount of universal child care benefit (UCCB) from line 11700 of their return | _____ |
| Amount of UCCB repayment from line 21300 of their return | _____ |

| | | | | | | | | | |
|-----------------------|-------|--|--|--|--|-------|--|--|--|
| Do not use this area. | | | | | | | | | |
| Do not use this area. | 17200 | | | | | 17100 | | | |

Step 1 – Identification and other information (continued)

 **Elections Canada**
Elections Canada

For more information, see "Elections Canada" in Step 1 of the guide.

A) Do you have Canadian citizenship?
If yes, go to question B. If no, skip question B. _____ 1 Yes 2 No

B) As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors or, if you are 14 to 17 years of age, the Register of Future Electors? _____ 1 Yes 2 No

Your authorization is valid until you file your next tax return. Your information will only be used for purposes permitted under the Canada Elections Act, which include sharing lists of electors produced from the National Register of Electors with provincial and territorial electoral agencies, members of Parliament, registered and eligible political parties, and candidates at election time.

Your information in the Register of Future Electors will be included in the National Register of Electors once you turn 18 and your eligibility to vote is confirmed. Information from the Register of Future Electors can be shared only with provincial and territorial electoral agencies that are allowed to collect future elector information. In addition, Elections Canada can use information in the Register of Future Electors to provide youth with educational information about the electoral process.

Indian Act – Exempt income

Tick this box if you have income that is exempt under the Indian Act.
For more information about this type of income, go to canada.ca/taxes-indigenous-peoples. _____ 1

If you ticked the box above, complete Form T90, Income Exempt from Tax under the Indian Act, so that the CRA can calculate your Canada workers benefit for the 2021 tax year, if applicable, and your family's provincial or territorial benefits. The information you provide on Form T90 will also be used to calculate your Canada training credit limit for the 2022 tax year.

Foreign property

Did you own or hold specified foreign property where the total cost amount of all such property, at any time in 2021, was more than CAN\$100,000? 26600 _____ 1 Yes 2 No

If yes, complete Form T1135, Foreign Income Verification Statement. There are substantial penalties for not filing Form T1135 by the due date.
For more information, see Form T1135.

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Complete only the lines that apply to you, unless stated otherwise. You can find more information about the lines on this return by calling 1-800-959-8281 or by going to canada.ca/line-xxxxx and replacing "xxxxx" with any 5-digit line number from this return. For example, go to canada.ca/line-10100 for information about line 10100.

Step 2 – Total income

As a resident of Canada, you need to report your income from all sources inside and outside Canada.

| | | | | | | | | | |
|---|-------|-------|----------------------------|----------------|---------|--------|----------|-----|----|
| Employment income (box 14 of all T4 slips) | | | 10100 | | | 1 | | | |
| Tax-exempt income for emergency services volunteers (see line 10100 of the guide) | | | 10105 | | | | | | |
| Commissions included on line 10100 (box 52 of all T4 slips) | | | 10120 | | | | | | |
| Wage-loss replacement contributions (see line 10100 of the guide) | | | 10130 | | | | | | |
| Other employment income (see line 10400 of the guide) | | | 10400+ | | | 2 | | | |
| Old age security (OAS) pension (box 18 of the T4A(OAS) slip) | | | 11300+ | 7,486 | 71 | 3 | | | |
| CPP or QPP benefits (box 20 of the T4A(P) slip) | | | 11400+ | 8,096 | 52 | 4 | | | |
| Disability benefits included on line 11400 (box 16 of the T4A(P) slip) | | | 11410 | | | | | | |
| Other pensions and superannuation (see line 11500 of the guide and line 31400 of the return) | | | 11500+ | | | 5 | | | |
| Elected split-pension amount (complete Form T1052) | | | 11600+ | | | 6 | | | |
| Universal child care benefit (UCCB) (see the RC62 slip) | | | 11700+ | | | 7 | | | |
| UCCB amount designated to a dependant | | | 11701 | | | | | | |
| Employment insurance and other benefits (box 14 of the T4E slip) | | | 11900+ | | | 8 | | | |
| Employment insurance maternity and parental benefits, and provincial parental insurance plan benefits | | | 11905 | | | | | | |
| Taxable amount of dividends from taxable Canadian corporations (use Federal Worksheet): | | | | | | | | | |
| Amount of dividends (eligible and other than eligible) | | | 12000+ | | | 9 | | | |
| Amount of dividends (other than eligible) | | | 12010 | | | | | | |
| Interest and other investment income (use Federal Worksheet) | | | 12100+ | | | 10 | | | |
| Net partnership income (limited or non-active partners only) | | | 12200+ | | | 11 | | | |
| Registered disability savings plan income (box 131 of the T4A slip) | | | 12500+ | | | 12 | | | |
| Rental income (see Guide T4036) | Gross | 12599 | 36,511 | 00 | Net | 12600+ | (120,395 | 00) | 13 |
| Taxable capital gains (complete Schedule 3) | | | 12700+ | 1,065,885 | 19 | 14 | | | |
| Support payments received (see Guide P102) | Total | 12799 | | Taxable amount | 12800+ | 15 | | | |
| Registered retirement savings plan (RRSP) income (from all T4RSP slips) | | | 12900+ | | | 16 | | | |
| Other income (specify): | | | 13000+ | | | 17 | | | |
| Taxable scholarships, fellowships, bursaries, and artists' project grants | | | 13010+ | | | 18 | | | |
| Add lines 1 to 18. | | | = | 961,073 | 42 | 19 | | | |
| Self-employment income (see Guide T4002): | | | | | | | | | |
| Business income | Gross | 13499 | Net | 13500 | | 20 | | | |
| Professional income | Gross | 13699 | Net | 13700+ | | 21 | | | |
| Commission income | Gross | 13899 | Net | 13900+ | | 22 | | | |
| Farming income | Gross | 14099 | Net | 14100+ | | 23 | | | |
| Fishing income | Gross | 14299 | Net | 14300+ | | 24 | | | |
| Add lines 20 to 24. | | | Net self-employment income | = | | 25 | | | |
| Line 19 plus line 25 | | | | = | 961,073 | 42 | 26 | | |
| Workers' compensation benefits (box 10 of the T5007 slip) | | | 14400 | | | 27 | | | |
| Social assistance payments | | | 14500+ | 876 | 00 | 28 | | | |
| Net federal supplements paid (box 21 of the T4A(OAS) slip) | | | 14600+ | 6,611 | 22 | 29 | | | |
| Add lines 27 to 29 (see line 25000 in Step 4). | | | 14700+= | 7,487 | 22 | 30 | | | |
| Line 26 plus line 30 | | | Total Income | 15000+= | 968,560 | 64 | 31 | | |

Step 3 – Net income

| | | | | |
|--|-------------------------------|---------|---------------------------|---------------|
| Enter the amount from line 31 of the previous page. | | 968,560 | 64 | 32 |
| Pension adjustment (box 52 of all T4 slips and box 034 of all T4A slips) | 20600 | | | |
| Registered pension plan (RPP) deduction (box 20 of all T4 slips and box 032 of all T4A slips) | 20700 | | | 33 |
| RRSP deduction (see Schedule 7 and attach receipts) | 20800 | + | | 34 |
| Pooled registered pension plan (PRPP) employer contributions (amount from your PRPP contribution receipts) | 20810 | | | |
| Deduction for elected split-pension amount (complete Form T1032) | 21000 | + | | 35 |
| Annual union, professional or like dues (receipts and box 44 of all T4 slips) | 21200 | + | | 36 |
| Universal child care benefit repayment (box 12 of all RC62 slips) | 21300 | + | | 37 |
| Child care expenses (complete Form T778) | 21400 | + | | 38 |
| Disability supports deduction (complete Form T929) | 21500 | + | | 39 |
| Business investment loss (see Guide T4037) | Gross 21699 | | Allowable deduction 21700 | 40 |
| Moving expenses (complete Form T1-M) | 21900 | + | | 41 |
| Support payments made (see Guide P102) | Total 21999 | | Allowable deduction 22000 | 42 |
| Carrying charges, interest expenses and other expenses (use Federal Worksheet) | 22100 | + | | 43 |
| Deduction for CPP or QPP contributions on self-employment income and other earnings (complete Schedule 8 or Form RC381, whichever applies) | 22200 | + | | 44 |
| Deduction for CPP or QPP enhanced contributions on employment income (complete Schedule 8 or Form RC381, whichever applies) | (maximum \$290.50) 22215 | + | | 45 |
| Exploration and development expenses (complete Form T1229) | 22400 | + | | 46 |
| Other employment expenses (see Guide T4044) | 22900 | + | | 47 |
| Clergy residence deduction (complete Form T1223) | 23100 | + | | 48 |
| Other deductions (specify): | 23200 | + | | 49 |
| Federal COVID-19 benefits repayment (box 201 of all federal T4A slips) | 23210 | + | | 50 |
| Add lines 33 to 50. | 23300 | = | | |
| Line 32 minus line 51 (if negative, enter "0") | Net Income before adjustments | 23400 | = | 968,560 64 51 |
| <p>Social benefits repayment (including old age security benefits repayment, employment insurance benefits repayment, and Canada recovery benefit repayment):</p> <p>See the repayment chart on the back of your T4E slip if you entered an amount on line 11900 and the amount on line 23400 is more than \$70,375.</p> <p>Use your Federal Worksheet if you entered an amount on line 11300 or line 14600 and the amount on line 23400 is more than \$79,845, or if you have an amount in box 202 of your T4A slip and the amount on line 23400 is more than \$38,000.</p> <p>Otherwise, enter "0" on line 23500.</p> | | | | |
| Line 52 minus line 53 (if negative, enter "0") | 23500 | - | 14,097 | 93 53 |
| (If this amount is negative, you may have a non-capital loss. See Form T1A.) | Net Income | 23600 | = | 954,462 71 54 |

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Step 4 – Taxable income

| | | | | |
|--|--------|------------|----------------|----|
| Enter the amount from line 54 of the previous page. | | | 954,462 71 | 55 |
| Canadian Armed Forces personnel and police deduction (box 43 of all T4 slips) | 24400 | | | 56 |
| Security options deductions (boxes 39 and 41 of T4 slips or see Form T1212) | 24900+ | | | 57 |
| Other payments deduction (enter amount from line 14700 if you did not enter an amount on line 14500; otherwise, use Federal Worksheet) | 25000+ | 876 00 | | 58 |
| Limited partnership losses of other years | 25100+ | | | 59 |
| Non-capital losses of other years | 25200+ | 81,329 00 | | 60 |
| Net capital losses of other years | 25300+ | 72,884 00 | | 61 |
| Capital gains deduction (complete Form T657) | 25400+ | | | 62 |
| Northern residents deductions (complete Form T2222) | 25500+ | | | 63 |
| Additional deductions (specify): Deductions from Northern residents | 25600+ | 4,654 00 | | 64 |
| Add lines 56 to 64. | 25700= | 159,743 00 | | 65 |
| Line 55 minus line 65 (if negative, enter "0") | | | 26000 | 66 |
| | | | 794,719 71 | |
| | | | Taxable income | |

Step 5 – Federal tax

Part A – Federal tax on taxable income

Use the amount from line 26000 to complete the appropriate column below.

| | Line 26000 is \$49,020 or less | Line 26000 is more than \$49,020 but not more than \$98,040 | Line 26000 is more than \$98,040 but not more than \$151,978 | Line 26000 is more than \$151,978 but not more than \$216,511 | Line 26000 is more than \$216,511 |
|---|--------------------------------|---|--|---|-----------------------------------|
| Amount from line 26000 | | | | | 794,719 71 |
| | - | - | - | - | - |
| | 0 00 | 49,020 00 | 98,040 00 | 151,978 00 | 216,511 00 |
| Line 67 minus line 68 (cannot be negative) | = | = | = | = | = |
| | 15.00 % | 20.50 % | 26.00 % | 29.00 % | 33.00 % |
| Line 69 multiplied by the percentage from line 70 | = | = | = | = | = |
| | + | + | + | + | + |
| | 0 00 | 7,353 00 | 17,402 10 | 31,425 98 | 50,140 55 |
| Line 71 plus line 72 Federal tax on taxable income | = | = | = | = | = |
| | | | | | 240,949 42 |

Enter the amount from line 73 on line 116 and continue at line 74.

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Basic personal amount:

If the amount on line 23600 is \$151,978 or less, enter \$13,808.

If the amount on line 23600 is \$216,511 or more, enter \$12,421.

Otherwise, use the Federal Worksheet to calculate the amount to enter.

(maximum \$13,808) 30000 12,421 00 74

Age amount (if you were born in 1956 or earlier)

(use Federal Worksheet)

(maximum \$7,713) 30100+ 75

Spouse or common-law partner amount (complete Schedule 5)

30300+ 76

Amount for an eligible dependant (complete Schedule 5)

30400+ 77

Canada caregiver amount for spouse or common-law partner, or eligible dependant age 18 or older

(complete Schedule 5)

30425+ 78

Canada caregiver amount for other infirm dependants age 18 or older

(complete Schedule 5)

30450+ 79

Canada caregiver amount for infirm children under 18 years of age (see Schedule 5)

Number of children for whom you are claiming this amount

30499

x \$2,295 = 30500+

80

Add lines 74 to 80.

= 12,421 00 81/82

Base CPP or QPP contributions (complete Schedule 8 or Form RC381, whichever applies):

through employment income

30800

83

on self-employment income and other earnings

31000+

84

Employment insurance premiums:

through employment

(boxes 18 and 55 of all T4 slips)

(maximum \$889.54) 31200+

85

on self-employment and other eligible earnings

(complete Schedule 13)

31217+

86

Volunteer firefighters' amount

31220+

87

Search and rescue volunteers' amount

31240+

88

Canada employment amount:

Enter whichever is less: \$1,257 or line 1 plus line 2.

31260+

89

Home buyers' amount

(maximum \$5,000) 31270+

90

Home accessibility expenses

(use Federal Worksheet)

(maximum \$10,000) 31285+

91

Adoption expenses

31300+

92

Digital news subscription expenses

(see line 31350 of the guide)

(maximum \$500) 31350+

93

Add lines 83 to 93.

= 94

Pension income amount (use Federal Worksheet)

(maximum \$2,000) 31400+

95

Add lines 82, 94 and 95.

= 12,421 00 96

Disability amount for self

(if you were under 18 years of age, use Federal Worksheet; if not, claim \$8,662)

31600+

97

Disability amount transferred from a dependant (use Federal Worksheet)

31800+

98

Add lines 96 to 98.

= 12,421 00 99

Interest paid on your student loans (see Guide P105)

31900+

100

Your tuition, education, and textbook amounts (complete Schedule 11)

32300+

101

Tuition amount transferred from a child or grandchild

32400+

102

Amounts transferred from your spouse or common-law partner (complete Schedule 2)

32600+

103

Add lines 99 to 103.

= 19,213 62 104

Medical expenses for self, spouse or common-law partner,
and your dependent children born in 2004 or later

33099

105

Amount from line 23600 954,462 71 x 3% = 28,633 88 106

Enter whichever is less: \$2,421 or the amount from line 106.

- 2,421 00 107

Line 105 minus line 107 (if negative, enter "0")

= 108

Allowable amount of medical expenses for other dependants

(use Federal Worksheet)

33199+

109

Line 108 plus line 109

= 33200+

110

Line 104 plus line 110

33500=

111

Federal non-refundable tax credit rate

x 15 % 112

Line 111 multiplied by the percentage from line 112

33800=

113

Donations and gifts (complete Schedule 9)

34900+

114

Line 113 plus line 114

Total federal non-refundable tax credits 35000= 2,882 04 115

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| | | | | |
|---|-------------------|---------|---------|------------------|
| Enter the amount from line 73. | | 240,949 | 42 | 116 |
| Federal tax on split income (complete Form T1206) | 40424 | + | | • 117 |
| Line 116 plus line 117 | 40400 | = | 240,949 | 42 118 |
| Amount from line 35000 | | 2,882 | 04 | 119 |
| Federal dividend tax credit (use Federal Worksheet) | 40425 | + | | • 120 |
| Minimum tax carryover (complete Form T691) | 40427 | + | | • 121 |
| Add lines 119 to 121. | | = | 2,882 | 04 122 |
| Line 118 minus line 122 (if negative, enter "0") | | | | |
| | Basic federal tax | 42900 | = | 238,067 38 123 |
| Federal surtax on income earned outside Canada (complete Form T2203) | | + | | 124 |
| Line 123 plus line 124 | | = | 238,067 | 38 125 |
| Federal foreign tax credit (complete Form T2209) | 40500 | - | | 126 |
| Line 125 minus line 126 | | = | 238,067 | 38 127 |
| Recapture of investment tax credit (complete Form T2038(IND)) | | + | | 128 |
| Line 127 plus line 128 | | = | 238,067 | 38 129 |
| Federal logging tax credit (see guide) | | - | | 130 |
| Line 129 minus line 130 (if negative, enter "0") | | | | |
| | Federal tax | 40600 | = | 238,067 38 • 131 |
| Federal political contribution tax credit (use Federal Worksheet) | | | | |
| Total federal political contributions (attach receipts) | 40900 | | | |
| | (maximum \$650) | 41000 | | • 132 |
| Investment tax credit (complete Form T2038(IND)) | 41200 | + | | • 133 |
| Labour-sponsored funds tax credit (see line 41400 of the guide) | | | | |
| Net cost of shares of a provincially registered fund | 41300 | | | |
| | Allowable credit | 41400 | + | • 134 |
| Add lines 132 to 134. | | 41600 | = | 135 |
| Line 131 minus line 135 (if negative, enter "0") | | 41700 | = | 238,067 38 136 |
| Canada workers benefit advance payments received (box 10 of the RC210 slip) | 41500 | + | | • 137 |
| Special taxes (see line 41800 of the guide) | 41800 | + | | • 138 |
| Add lines 136 to 138. | | | | |
| Enter this amount on line 140 on the next page. | Net federal tax | 42000 | = | 238,067 38 139 |

Name: Yuk Cheang Lee

SIN

Office copy 2022/03/23
Protected B when completed

Step 6 – Refund or balance owing

| | | | | |
|---|---------------|----------------|-----------|--------------|
| Amount from line 42000 | | 238,067 | 38 | 140 |
| CPP contributions payable on self-employment income and other earnings (complete Schedule 8 or Form RC381, whichever applies) | 42100+ | | | • 141 |
| Employment insurance premiums payable on self-employment and other eligible earnings (complete Schedule 13) | 42120+ | | | 142 |
| Social benefits repayment (amount from line 23500) | 42200+ | 14,097 | 93 | 143 |
| Provincial or territorial tax (complete and attach your provincial or territorial Form 428, even if the result is "0") | 42800+ | 148,369 | 90 | • 144 |
| Add lines 140 to 144. | | | | |
| Total payable | 43500= | 400,535 | 21 | • 145 |

| | | | | |
|---|---------------|-------|--------|------------|
| Total income tax deducted (amounts from all Canadian slips) | 43700 | | | • 147 |
| Refundable Quebec abatement (see line 4000 of the guide) | 44000+ | | | • 148 |
| CPP or QPP overpayment (see line 30800 of the guide) | 44800+ | | | • 149 |
| Employment insurance overpayment (see line 45000 of the guide) | 45000+ | | | • 150 |
| Refundable medical expense supplement (use Federal Worksheet) | 45200+ | | | • 151 |
| Canada workers benefit (CWB) (complete Schedule 6) | 45300+ | | | • 152 |
| Canada training credit (CTC) (complete Schedule 11) | 45350+ | | | • 153 |
| Refund of investment tax credit (complete Form T2038(IND)) | 45400+ | | | • 154 |
| Part XII.2 tax credit (box 38 of all T3 slips and box 209 of all T5013 slips) | 45600+ | | | • 155 |
| Employee and partner GST/HST rebate (complete Form GST370) | 45700+ | | | • 156 |
| Eligible educator school supply tax credit | | | | |
| Supplies expenses (maximum \$1,000) | 46800 | x 25% | 46900+ | • 157 |
| Canadian journalism labour tax credit (box 236 of all T5013 slips) | 47555 | | | • 158 |
| Other refundable credits (specify): | 47556+ | | | • 158a |
| Tax paid by instalments | 47600+ | | | • 159 |
| Provincial or territorial credits (complete Form 479, if it applies) | 47900+ | | | • 160 |
| Add lines 147 to 160. | | | | |
| Total credits | 48200= | | | 161 |

Line 145 minus line 161

If the amount is negative, enter it on line 48400 below.

If the amount is positive, enter it on line 48500 below.

Refund or balance owing = 400,535 21 162

Generally, the CRA does not charge or refund a difference of \$2 or less.

Refund 48400

Balance owing 48500 400,535 21 •

Amount enclosed 48600 •

For more information and ways to enrol for direct deposit, go to canada.ca/cra-direct-deposit.

Your balance owing is due no later than **April 30, 2022**. For more information on how to make your payment, go to canada.ca/payments.

Ontario Ontario opportunities fund

You can help reduce Ontario's debt by completing this area to donate some or all of your 2021 refund to the Ontario opportunities fund. Please see the provincial pages for details.

Amount from line 48400 above _____ 1

Your donation to the Ontario opportunities fund 46500- • 2

Net refund (line 1 minus line 2) 46600= • 3

I certify that the information given on this return and in any attached documents is correct, complete and fully discloses all of my income.

Sign here _____

It is a serious offence to make a false return.

Telephone number: (613) 410-9788

Date: 2022/03/04

If this return was completed by a tax professional, tick the applicable box and provide the following information:

Was a fee charged? 49000 1 Yes 2 No

EFILE number (if applicable): 48900

Name of tax professional: _____

Telephone number: _____ ext. _____

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties, or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 005 on Info Source at canada.ca/cra-info-source.

Do not use this area.

48700 48800 _____ • 48600 _____

Tax return prepared based on unaudited financial information.

9

John Haralovich

From: Ed Lee <ed.lee88@gmail.com>
Sent: July 9, 2021 9:28 AM
To: John Haralovich
Cc: yuk cheung Lee; james liu; Chuck Merovitz
Subject: Re: Promissory Note

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Hi All,

I believe my father is worried about the pending capital gains taxes on 326. I have been instructed by my mother to look into an accountant to work with John to deal with CRA.

Regards,

Ed Lee

On Fri, Jul 9, 2021 at 9:19 AM John Haralovich <John.Haralovich@mnp.ca> wrote:
Mr. Lee

You can instruct Chuck to make payment from the proceeds of 326.

Regards
John

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10

John Haralovich

From: John Haralovich
Sent: August 30, 2021 10:36 AM
To: Ed Lee
Cc: YC Lee; Chuck Merovitz
Subject: RE: 330 Wilbrod Taxes

Ed

The last time we spoke, you advised an accountant has been retained. I have done a preliminary calculation based on the information I have. You were going to see if you could find any information to support increasing the ACB of the buildings. From my end, we cannot see that from our online review. If the belief is the ACB should be increased, and that is accepted by CRA, it will impact the taxes due.

For you mom, I do not see her owing much for income taxes as a result of the sale, but again, her accountant should confirm that.

Once your accountant has prepare a tax estimate, I would be happy to review it with them.

Thanks,
 John

John Haralovich, CIRP, LIT, CPA, CA, CMA

Senior Vice President
DIRECT 613.691.4262
 FAX 613.726.9009
 CELL 613.297.4759
 1600 Carling Avenue Suite 800
 Ottawa, ON K1Z 1G3
john.haralovich@mnp.ca
mnpdebt.ca

MNP LTD
 Member of Praxity, AUSA
 Global Alliance of Independent Firms



From: Ed Lee <ed.lee88@gmail.com>
Sent: August 30, 2021 8:21 AM
To: John Haralovich <John.Haralovich@mnp.ca>
Cc: YC Lee <ycarchitect@gmail.com>; Chuck Merovitz <chuck@mpottawa.com>
Subject: 330 Wilbrod Taxes

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Hi John,

How are the 330 Wilbrod Taxes looking? Has Abe from Parker Prins Lebano contacted you on working out my parent's tax situation? Do you have an estimate of when the funds might be released?

Thanks,

Ed Lee

1

1

John Haralovich

From: Ed Lee <ed.lee88@gmail.com>
Sent: September 27, 2021 8:44 AM
To: Abe Abou-Hamad
Cc: Chuck Merovitz; YC Lee; Frances Lee; John Haralovich
Subject: 326 & 330 Wilbrod Capital Gains (Update request)

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Hi Abe,

Just want to touch bases with you. Has Lucy (your staff) made progress with taxes implications? How is the coordination going with John Haralovich (RBC)?

Thanks,

Ed Lee
613-878-9668

12

John Haralovich

From: Ed Lee <ed.lee88@gmail.com>
Sent: October 28, 2021 2:35 PM
To: John Haralovich
Cc: YC Lee; Abe Abou-Hamad; Frances Lee; Chuck Merovitz
Subject: Re: Past renovation work on 330 Wilbrod

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Hi John,

I have very limited documentation. I do have some photos of the work that was done over the past few decades. But as you know my father has very poor record-keeping and tried paying in cash for a lot of his work.

There may be additional capital losses during Covid. The restaurant and apartment #7 did not pay rent in part or whole for many many months.

Could we set up a phone conversation sometime to discuss options?

Ed Lee

On Thu, Oct 28, 2021 at 1:34 PM John Haralovich <John.Haralovich@mnp.ca> wrote:

Ed,

We would need to review the working papers to support the amounts below, plus review the individual returns for the years in question in order to confirm the amounts were not expensed directly in the year paid.

Once we have that we can focus on determining the appropriate amount to send to CRA. For your mom, my review seems to indicate she will not have any taxes due, or very low. Your accountant should confirm that.

Hope that helps.

John

John Haralovich, CIRP, LIT, CPA, CA, CMA

Senior Vice President

DIRECT 613.691.4262
FAX 613.726.9009
CELL 613.297.4759
1600 Carling Avenue Suite 800
Ottawa, ON K1Z 1G3
john.haralovich@mnp.ca
mnpdebt.ca



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Global Alliance of Independent Firms



From: Ed Lee <ed.lee88@gmail.com>

Sent: October 27, 2021 4:55 PM

To: John Haralovich <John.Haralovich@mnp.ca>

Cc: YC Lee <ycarchitect@gmail.com>; Abe Abou-Hamad <ibrahim.abouhamad@ppl-ca.com>; Frances Lee <fwlee330@gmail.com>; Chuck Merovitz <chuck@mpottawa.com>

Subject: Fwd: Past renovation work on 330 Wilbrod

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Hi John,

So I have been going over and discussing some figures of my father's capital improvements over the years for 330 and 326 Wilbrod with the accountant Abe.

Briefly, my father has spent about \$275,000 on 330 Wilbrod and \$288,260 on 326 Wilbrod. Please add these to the figures you have so far for the capital improvements.

Do you have time to discuss where things stand with the filing and what your calculations look like?

Regards,

13

John Haralovich

From: Ed Lee <ed.lee88@gmail.com>
Sent: November 5, 2021 8:36 AM
To: John Haralovich
Subject: Re: Request for 330 Wilbrod Closing costs

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Hi John,

Could you send the Closing Cost Report for 330 Wilbrod?

Thank you,

Ed Lee

On Mon, Nov 1, 2021 at 3:46 PM Ed Lee <ed.lee88@gmail.com> wrote:

Hi John,

Thank you for taking the time to speak with me on where things currently stand with my parents' tax owing.

If you could re-send the 330 Wilbrod closing costs to me so I can forward them to the account that would be great.

Thanks again,

Ed Lee

14

John Haralovich

From: Abe Abou-Hamad <ibrahim.abouhamad@ppl-ca.com>
Sent: February 22, 2022 4:11 PM
To: John Haralovich
Cc: Ed Lee
Subject: RE: Request for 330 Wilbrod Closing costs
Attachments: YC Lee Capital Gain Estimate.pdf

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Hi All,

Thanks for your responses.

Please see a capital gains estimate attached. If any of the information appears to be incorrect, please let me know, and provide which numbers need to change, as well as supporting documentation, and I'd be happy to revise.

Please let me know if you have any questions at all.

Thanks,

Abe Abou-Hamad, CPA, CA, BComm
 Licenced Public Accountant
 Partner
 Parker Prins Lebano Chartered Professional Accountants
 Professional Corporation
 1796 Courtwood Crescent, Ottawa, Ontario
 K2C 2B5
 Tel.: (613) 727-7474 x 35
 Fax: (613) 727-3715

Visit our website at www.parkerprinslebano.com

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From: John Haralovich <John.Haralovich@mnp.ca>
Sent: February 22, 2022 2:58 PM
To: Abe Abou-Hamad <ibrahim.abouhamad@ppl-ca.com>
Cc: Ed Lee <ed.lee88@gmail.com>
Subject: RE: Request for 330 Wilbrod Closing costs

You will see from the attached report, Mr. Lee paid \$82,000 back in 1974.

Regards
 John

**330 Wilbrod
Capital Gain & Tax Estimate
Yuk Cheung Lee**

| | | |
|-----------------------------------|-----------------------|--------|
| Proceeds: | <u>2,160,000</u> | Note 1 |
| Original cost: | 82,000 | Note 2 |
| Closing costs: | <u>34,497</u> | Note 3 |
| Net ACB: | <u>116,497</u> | |
| Capital Gain: | 2,043,503 | |
| Principal Residence deduction: | <u>- 62,803</u> | Note 4 |
| Net Capital Gain: | 1,980,700 | |
| Taxable Capital Gain: | 990,350 | |
| Taxable Capital Losses available: | <u>- 30,000</u> | Note 5 |
| Final Taxable Capital Gain: | <u><u>960,350</u></u> | |
| Approximate tax on Gain: | <u><u>514,075</u></u> | Note 6 |

Note 1: Sale price from Statement of Receipts; Appraisal had a value of \$1.9M)

Note 2: From Service Ontario Parcel Register

Note 3: Consists of Appraisal, and Legal Fees

Note 4: 1 out of 9 apartments was a principal residence for 13 out of 47 years owned

Note 5: Approximate capital losses remaining after application of remaining losses to 326 Wilbrod gain

Note 6: Calculation performed based on 53.53% tax rate; does not account for minor savings using up the tax brackets below \$220,000.

15

**MNP LTD., RECEIVER RE:
YUK CHEUNG LEE**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD DECEMBER 24, 2020 TO MARCH 29, 2022**

| | Actual |
|--|-------------------|
| Receipts: | |
| Sale of Property | \$ 2,160,000 |
| Rental income | 36,511 |
| Interest | - |
| | 2,196,511 |
| Disbursements: | |
| Filing fee | 72 |
| License fee | 311 |
| Insurance | 15,712 |
| Property manager fees and expenses | 11,498 |
| Appraisal fees and expenses | 6,622 |
| Utilities | 8,304 |
| Repairs and maintenance | 43,629 |
| Real estate fees and taxes | 97,632 |
| Property taxes | 77,763 |
| Legal fees - security review | 1,777 |
| Receiver fees and expenses | 74,328 |
| Legal fees | 29,889 |
| Payment to Canada Revenue Agency | 401,000 |
| Receiver and Legal costs to complete the estate | 10,735 |
| Payment to secured creditor | 1,180,805 |
| | 1,960,077 |
| Excess of Receipts over Disbursements, refundable to the debtor | \$ 236,434 |

16

Court File No.: CV-20-0008488-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

AFFIDAVIT OF JOHN HARALOVICH
(sworn on March 30, 2022)

I, John Haralovich, of the City of Ottawa, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Vice President of MNP LTD. ("MNP"), the Licensed Insolvency Trustee ("LIT" or "Receiver") Yuk Cheung Lee (the "Debtor"). As such, I have knowledge of the matters to which I hereinafter depose except where such knowledge is stated to be based on information and belief, in which case I confirm the source of my information and belief verily believe such information to be true.
2. MNP was appointed as Receiver of the property of the Debtor by way of Court Order dated December 21st, 2020.
3. Attached hereto as Exhibit "A" are the detailed ledgers of the Receiver for the period December 21, 2020 to March 29, 2022, in the amount of \$65,776.55 plus HST of \$8,550.95,

totalling \$74,327.50. The Receivers fees amounted to 3.0% of the gross realization of the Estate.

4. The following table further summarizes the LIT involved and other staff used by MNP as noted in Exhibit "A" by work completed by each MNP professional, group classification with MNP, the hours worked by each professional, along with the amounts and the effective hourly rates charged for each professional:

| Professional | Position | Hours Invoiced | Amount Invoiced (excluding HST) | Effective Hourly Rate |
|-------------------|-----------------------|----------------|------------------------------------|--------------------------|
| John Haralovich | LIT, Partner | 142.2 | \$60,435.00 | \$425.00 |
| Tax Professionals | Various | 11.65 | 3,228.15 | \$277.09 |
| Insolvency Staff | Estate Technicians | <u>18.3</u> | <u>\$2,113.40</u> | <u>\$115.49</u> |
| Total | | 172.15 | \$65,776.55 | \$382.08 |

5. The work completed in this matter which is described in Exhibit "A" and the Final Report of the Receiver includes the following:

- Taking possession of the real property;
- Arranging for transfer of utilities;
- Arranging for insurance and termination of coverage after the sale was completed;
- Arranging for the retention of a property manager;
- Arrange for the removal of wildlife infestation in the walls of the property;
- Arrange for heat to various apartments;
- Manage various plumbing issues which included several water pipe breaks and flooding of the basement and vacant rental units;
- Arrange for appraisals of the building;
- Manage a sales process to market and obtain offers for the property;
- Review listing proposal and provide information about the property to the listing agent;
- Prepare purchase and sale agreement;

- Review of various offers and advised the secured lender;
- Completion of the sales transaction;
- Review personal income tax implications regarding sale of the real property; and
- Correspond with secured and unsecured creditors for both companies and compile a list of debts to be paid after the sales transaction was completed.

6. As a result of the above efforts, MNP was able to achieve a gross realization of \$2,196,511.00 as noted in Appendix 15 of the Final Report of the Receiver. The net realization, including the payment to priority and secured creditors, in full, amounted to \$1,258,568.00. This realization, has resulted in all stakeholders fully recovering on their secured claims, namely the Royal Bank of Canada and the City of Ottawa. As well the distribution to Canada Revenue Agency of \$401,000.00 will significantly reduce the Debtor's personal income tax debt.

7. The above rates charged by MNP throughout the course of these proceedings are comparable to the rates charged by other LIT firms in the Ottawa market for the provision of similar services.

8. This affidavit is sworn in support of a motion to, inter alia, approve the attached account of MNP and the fees and disbursement detailed therein, and for no improper purpose.

SWORN BEFORE me at the City of Ottawa in
the Province of Ontario
this 30th day of March, 2022



A Commissioner for Taking Affidavits, etc.

)
)
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)



JOHN HARALOVICH

Sandra Elizabeth Dilio
A Commissioner, etc.,
Province of Ontario, For MNP Ltd.
Expires July 29, 2022

**This is Exhibit "A" referred to in the Affidavit of John Haralovich
sworn March 30th 2022**



Commissioner for Taking Affidavits (or as may be)

Sandra Elizabeth Dilio
A Commissioner, s. 80,
Province of Ontario, For MNP Ltd.
Expires July 23, 2022

In the matter of the Court Appointed Receivership of Yuk Cheung Lee
 Summary of fees and expenses of the Receiver

| Date | Description | Units | Amount | Notes |
|--------------------|-----------------|-------|-----------|---|
| LIT/Partner | | | | |
| 07-Dec-2020 | John Haralovich | 1.40 | \$ 595.00 | initial call to review matter |
| 07-Dec-2020 | John Haralovich | 1.80 | 765.00 | calls to seek out insurance |
| 07-Dec-2020 | John Haralovich | 1.30 | 552.50 | call with RBC and Andre, and Chuck to review court order |
| 08-Dec-2020 | John Haralovich | .80 | 340.00 | review emails, send intro email to Mr. Lee |
| 10-Dec-2020 | John Haralovich | 1.60 | 680.00 | call with Chuck, Call with Andre, Call re insurance |
| 11-Dec-2020 | John Haralovich | 1.70 | 722.50 | attend site for photos, work on insurance |
| 14-Dec-2020 | John Haralovich | .80 | 340.00 | call with Mr. Lee, call with agent regarding extension |
| 15-Dec-2020 | John Haralovich | 1.40 | 595.00 | call with Andre and Chuck, call with RBC, send consent to extend email to Agent and Chuck |
| 21-Dec-2020 | John Haralovich | 1.20 | 510.00 | attend court hearing call |
| 21-Dec-2020 | John Haralovich | 2.80 | 1,190.00 | call with Andre and Jerry, calls to arrange for a property manager |
| 22-Dec-2020 | John Haralovich | 1.30 | 552.50 | review property manger contract and endorse |
| 23-Dec-2020 | John Haralovich | .90 | 382.50 | review emails from real estate agent |
| 24-Dec-2020 | John Haralovich | 1.60 | 680.00 | call with Mr. Lee and family, review options |
| 24-Dec-2020 | John Haralovich | 1.40 | 595.00 | review emails, send message to Andre Ducasse, email property manager |
| 29-Dec-2020 | John Haralovich | 3.70 | 1,572.50 | work with property manager to do site inspection, rent redirection, rent roll and develop process of management |
| 29-Dec-2020 | John Haralovich | .80 | 340.00 | call with Ed Lee regarding rent roll, utilities, discuss process |
| 29-Dec-2020 | John Haralovich | .70 | 297.50 | call with fire inspection firm and arrange for inspection |
| 30-Dec-2020 | John Haralovich | 1.40 | 595.00 | call with property manager regarding trash at location, update secured lender |
| 31-Dec-2020 | John Haralovich | 1.60 | 680.00 | respond to real estate agent, respond to property manager regarding removal of waste |
| 04-Jan-2021 | John Haralovich | 2.60 | 1,105.00 | work on property management issues, calls with 2 appraisers |
| 05-Jan-2021 | John Haralovich | .80 | 340.00 | call with fire marshal |
| 05-Jan-2021 | John Haralovich | .70 | 297.50 | call with Andre regarding 245/246 notice and other assets |
| 06-Jan-2021 | John Haralovich | 2.40 | 1,020.00 | work on notice of receiver |
| 06-Jan-2021 | John Haralovich | 1.30 | 552.50 | review fire inspection report, call with property manager to address remedies |
| 08-Jan-2021 | John Haralovich | .60 | 255.00 | follow-up on wire payment and tax info |
| 12-Jan-2021 | John Haralovich | 3.80 | 1,615.00 | attend site, meet with appraisers, meet with property manager |
| 13-Jan-2021 | John Haralovich | 1.40 | 595.00 | Call with Mr. Lee's legal representative, call with Ed Lee regarding options |
| 14-Jan-2021 | John Haralovich | 1.10 | 467.50 | call with Mr. Lee, review property manager emails, issue N4 to tenant |
| 20-Jan-2021 | John Haralovich | 1.60 | 680.00 | review appraisals and calls with son |
| 21-Jan-2021 | John Haralovich | .70 | 297.50 | call with Mr. Lee, call with agent, call with Andre Ducasse |
| 21-Jan-2021 | John Haralovich | .60 | 255.00 | review numbered company asset |
| 22-Jan-2021 | John Haralovich | 1.40 | 595.00 | review listing proposal, call with Ed Lee |
| 25-Jan-2021 | John Haralovich | 1.20 | 510.00 | meeting with Andre Ducasse regarding individual staying on sight, send information to debtors lawyer |
| 26-Jan-2021 | John Haralovich | .70 | 297.50 | call with BMO regarding notice of receiver |
| 27-Jan-2021 | John Haralovich | 1.20 | 510.00 | call with property manager, call with Andre Ducasse regarding tenants, and animals residing in walls |
| 28-Jan-2021 | John Haralovich | 1.70 | 722.50 | deal with water pipe break, calls with property manager |
| 29-Jan-2021 | John Haralovich | 1.30 | 552.50 | deal with hydro issue, update RBC, call with property manager, send email to Mr. Lee |

In the matter of the Court Appointed Receivership of Yuk Cheung Lee

Summary of fees and expenses of the Receiver

| Date | Description | Units | Amount | Notes |
|-------------|-----------------|-------|----------|--|
| 01-Feb-2021 | John Haralovich | 1.40 | 595.00 | review appraisal, invoices for payment |
| 02-Feb-2021 | John Haralovich | .80 | 340.00 | calls with property manager regarding pipes, roof leak |
| 08-Feb-2021 | John Haralovich | 1.70 | 722.50 | call with Mr. Lee and his lawyer, review RBC email |
| 09-Feb-2021 | John Haralovich | .80 | 340.00 | review invoices for payment, send email to property manager |
| 10-Feb-2021 | John Haralovich | 1.20 | 510.00 | call with RBC, emails with agents re showing and removal of tenant |
| 12-Feb-2021 | John Haralovich | .60 | 255.00 | approved invoices for payment |
| 16-Feb-2021 | John Haralovich | 1.10 | 467.50 | review information regarding tenant removal, garbage and interested parties inquiry |
| 18-Feb-2021 | John Haralovich | 1.40 | 595.00 | work on draft APA |
| 25-Feb-2021 | John Haralovich | .60 | 255.00 | work on NDA |
| 04-Mar-2021 | John Haralovich | .70 | 297.50 | review fire inspection report |
| 15-Mar-2021 | John Haralovich | .50 | 212.50 | call with Chuck |
| 17-Mar-2021 | John Haralovich | .60 | 255.00 | review of email, provide response, advise RBC |
| 22-Mar-2021 | John Haralovich | .70 | 297.50 | deal with commercial tenant arrears |
| 24-Mar-2021 | John Haralovich | 1.70 | 722.50 | review of offers, calls with Andre and agents, email RBC on summary |
| 05-Apr-2021 | John Haralovich | 2.20 | 935.00 | work on finalizing sale of property, review roof issue with property manager |
| 07-Apr-2021 | John Haralovich | 1.20 | 510.00 | review commercial tenant issue and send email |
| 12-Apr-2021 | John Haralovich | 1.30 | 552.50 | respond to emails regarding commercial tenant, respond to City of Ottawa regarding fire code |
| 15-Apr-2021 | John Haralovich | .90 | 382.50 | call with Andre, review marketing report |
| 16-Apr-2021 | John Haralovich | .60 | 255.00 | review and respond to emails |
| 19-Apr-2021 | John Haralovich | .40 | 170.00 | email creditor on sales process and treatment of their claim |
| 21-Apr-2021 | John Haralovich | 5.20 | 2,210.00 | work on report to the court |
| 22-Apr-2021 | John Haralovich | 3.20 | 1,360.00 | work on court report |
| 23-Apr-2021 | John Haralovich | 4.60 | 1,955.00 | complete first court report |
| 26-Apr-2021 | John Haralovich | .60 | 255.00 | call with Andre regarding commercial tenant |
| 28-Apr-2021 | John Haralovich | 2.20 | 935.00 | make changes to first report to the court |
| 03-May-2021 | John Haralovich | 3.10 | 1,317.50 | complete first report and prep for signing |
| 04-May-2021 | John Haralovich | 2.80 | 1,190.00 | complete first report to the court |
| 04-May-2021 | John Haralovich | .70 | 297.50 | call with Andre re commercial tenant |
| 05-May-2021 | John Haralovich | .90 | 382.50 | calls with creditors |
| 07-May-2021 | John Haralovich | .70 | 297.50 | call with Andre re court report, emails with property manager regarding hydro |
| 12-May-2021 | John Haralovich | .60 | 255.00 | arrange for extension of insurance |
| 28-May-2021 | John Haralovich | .70 | 297.50 | emails with property manager regarding commercial tenant |
| 07-Jun-2021 | John Haralovich | 1.40 | 595.00 | prepare for court attendance and appear for approval hearing |
| 08-Jun-2021 | John Haralovich | .80 | 340.00 | update property manager on closing of sale, rent income |
| 09-Jun-2021 | John Haralovich | 1.50 | 637.50 | review settlement with commercial tenant, call with Ed Lee, call with Andre |
| 16-Jun-2021 | John Haralovich | 1.20 | 510.00 | review court material for closing, send emails regarding commercial tenant |
| 18-Jun-2021 | John Haralovich | .80 | 340.00 | call with Ed Lee regarding next steps, income tax issues |
| 21-Jun-2021 | John Haralovich | .70 | 297.50 | review closing ledger sent by Soloway, connect property manager with purchaser |
| 23-Jun-2021 | John Haralovich | 1.40 | 595.00 | complete closing |
| 28-Jun-2021 | John Haralovich | 1.50 | 637.50 | update ledger regarding sale of property, |
| 29-Jun-2021 | John Haralovich | 1.00 | 425.00 | meeting with tax partner to review issue of receiver liability |
| 05-Jul-2021 | John Haralovich | .60 | 255.00 | Call with Chuck regarding funds in trust |

In the matter of the Court Appointed Receivership of Yuk Cheung Lee

Summary of fees and expenses of the Receiver

| Date | Description | Units | Amount | Notes |
|-------------------------------|-----------------|---------------|------------------|--|
| 05-Jul-2021 | John Haralovich | 1.60 | 680.00 | call with Ed Lee, gain access to CRA and print summary strmts, send email to Ed Lee on information to get from CRA |
| 06-Jul-2021 | John Haralovich | .80 | 340.00 | review ITA re debt of receiver |
| 12-Jul-2021 | John Haralovich | .60 | 255.00 | review insurance refund, review hydro Ottawa bills |
| 13-Jul-2021 | John Haralovich | .50 | 212.50 | respond to Hydro Ottawa |
| 16-Jul-2021 | John Haralovich | 1.40 | 595.00 | work on tax provision |
| 19-Jul-2021 | John Haralovich | .80 | 340.00 | review of tax reporting for 326 Wilbrod |
| 27-Sep-2021 | John Haralovich | 1.20 | 510.00 | review correspondence regarding tax issue |
| 01-Nov-2021 | John Haralovich | .80 | 340.00 | call with Ed Lee regarding personal income tax |
| 08-Nov-2021 | John Haralovich | 1.00 | 425.00 | send report to Mr. Lee regarding current receivership costs |
| 25-Feb-2022 | John Haralovich | 4.80 | 2,040.00 | work on second report to the court |
| 01-Mar-2022 | John Haralovich | 1.60 | 680.00 | work on second report to the court |
| 01-Mar-2022 | John Haralovich | 2.40 | 1,020.00 | complete V1 of second report to the court |
| 03-Mar-2022 | John Haralovich | 1.30 | 552.50 | work on court report and tax calculation |
| 04-Mar-2022 | John Haralovich | .60 | 255.00 | review 2021 provisional return |
| 08-Mar-2022 | John Haralovich | 3.80 | 1,615.00 | work on second report, complete draft of 2021 personal income tax return |
| 24-Mar-2022 | John Haralovich | 4.60 | 1,955.00 | work on final report to the court |
| 25-Mar-2022 | John Haralovich | .90 | 382.50 | work on affidavit and email legal PDF docs |
| 28-Mar-2022 | John Haralovich | 1.40 | 595.00 | work on report to the court |
| 29-Mar-2022 | John Haralovich | 2.20 | 935.00 | Complete second and final report to the court |
| Total LIT/Partner time | | 142.20 | 60,435.00 | |

Income tax provision

| | | | | |
|---------------------------------|---------------------|--------------|-----------------|---|
| 06-Jul-2021 | Vivek Thareja | .50 | 159.00 | question on liability for tax for receiver |
| 07-Jul-2021 | Vivek Thareja | 1.50 | 477.00 | review of ITA 128, 158(3), 150(3), applying 162(3), applicability of clearance certificate / comfort letter, comments for John |
| 07-Jul-2021 | Vivek Thareja | .40 | 127.20 | brief call re gain calc / use of losses |
| 07-Jul-2021 | Vivek Thareja | .50 | 159.00 | losses |
| 08-Jul-2021 | Vivek Thareja | .30 | 95.40 | checking losses, differing inclusion rates, brief call w/ John |
| 13-Jul-2021 | Nick Hodgins | 2.75 | 371.25 | tax cycle file to replicate Yuk and Frances T1 for 2020 and completed the non-capital loss carry forward calculation and net capital loss carryover calculation |
| 13-Jul-2021 | Vivek Thareja | .60 | 190.80 | loss continuity, dummy file review |
| 14-Jul-2021 | Peter Bangs | .40 | 220.00 | call with Vivek, call with John |
| 14-Jul-2021 | Vivek Thareja | .40 | 127.20 | calls re letter and scope |
| 16-Jul-2021 | Vivek Thareja | .50 | 159.00 | disc. on position, find external source |
| 27-Jul-2021 | Peter Bangs | .30 | 165.00 | read Vivek's memo |
| 27-Jul-2021 | Vivek Thareja | 2.00 | 636.00 | memo for PB |
| 01-Sep-2021 | Peter Bangs | .40 | 220.00 | review memo |
| 04-Mar-2022 | Alexis Lewis-Coelho | .70 | 77.70 | complete 2021 tax return |
| 23-Mar-2022 | Alexis Lewis-Coelho | .40 | 43.60 | exported T1 and added watermark to document |
| Total Tax Provision time | | 11.65 | 3,228.15 | |

Estate Administrators

| | | | | |
|-------------|---------------------|------|--------|---|
| 04-Jan-2021 | Danielle St. Pierre | 1.30 | 161.20 | Input receivership into ascend. |
| 04-Jan-2021 | Danielle St. Pierre | .30 | 37.20 | Sent email to Mr. Lee's son, Ed. Found out that the property located at 326 Wilbrod Street is mortgaged by BMO. |
| 05-Jan-2021 | James De Salis | .20 | 21.00 | Follow-up on transfer |
| 06-Jan-2021 | Sandra Dilio | .20 | 21.00 | OSB fax of notice of receiver |

In the matter of the Court Appointed Receivership of Yuk Cheung Lee

Summary of fees and expenses of the Receiver

| Date | Description | Units | Amount | Notes |
|-------------|---------------------|-------|--------|--|
| 07-Jan-2021 | Sandra Dilio | .30 | 31.50 | follow-up with utilities, confirmation e-mail regarding Ottawa Hydro accounts |
| 08-Jan-2021 | Danielle St. Pierre | .40 | 49.60 | Advised Sandra about Mr. Lee and the list of creditors for the receivership. Also sent an email to Mr. Lee about RY Yi Gu as this person has been garnishing the bank account. |
| 08-Jan-2021 | Sandra Dilio | .60 | 63.00 | mail out notices and printing calculations |
| 11-Jan-2021 | James De Salis | .20 | 21.00 | Work on rent income transfer |
| 12-Jan-2021 | James De Salis | .20 | 21.00 | Pay operations invoices |
| 12-Jan-2021 | Jim Guo | .30 | 37.20 | complete cheques and mail |
| 15-Jan-2021 | James De Salis | .30 | 31.50 | Preparing bills, cutting cheques |
| 15-Jan-2021 | Sandra Dilio | .40 | 42.00 | edit engagement, update client info, cheque loader - Ascend license fee |
| 22-Jan-2021 | Danielle St. Pierre | .30 | 37.20 | Found date of birth for the Receivership. |
| 22-Jan-2021 | Sandra Dilio | .20 | 21.00 | follow-up w/ Danielle, emails for info regarding creditor |
| 25-Jan-2021 | James De Salis | .40 | 42.00 | Preparing invoices for payment |
| 29-Jan-2021 | Sandra Dilio | .30 | 31.50 | follow-up with Ottawa Hydro |
| 01-Feb-2021 | Candace Bourgeois | .80 | 171.20 | Dealing with insurance cheque issue. |
| 01-Feb-2021 | James De Salis | .30 | 31.50 | Invoices processed for payment |
| 01-Feb-2021 | James De Salis | .20 | 21.00 | Follow-up on missing cheque |
| 16-Feb-2021 | James De Salis | .20 | 21.00 | Invoices processed for payment |
| 03-Mar-2021 | James De Salis | .40 | 42.00 | Invoices processed for payment |
| 05-Mar-2021 | Sandra Dilio | .30 | 31.50 | call City of Ottawa |
| 08-Mar-2021 | James De Salis | .10 | 10.50 | Invoices processed for payment |
| 09-Mar-2021 | Sandra Dilio | .20 | 21.00 | creditor call |
| 07-Apr-2021 | James De Salis | .20 | 21.00 | Preparing cheque for Paul D'Angelo |
| 15-Apr-2021 | Sandra Dilio | .20 | 21.00 | Enbridge - email regarding automated calls intended for the client |
| 22-Apr-2021 | Sandra Dilio | .20 | 21.00 | Enbridge, outstanding invoices |
| 28-Apr-2021 | James De Salis | .20 | 21.00 | Preparing cheques for multiple hydro bills |
| 03-May-2021 | Sandra Dilio | .30 | 31.50 | call to hydro regarding disconnection notice, email confirmation - issue resolved |
| 05-May-2021 | James De Salis | .30 | 31.50 | Preparing cheque for multiple Hydro Ottawa bills |
| 28-May-2021 | Alexis Lewis-Coelho | .30 | 31.50 | cheque processing for hydro pmt |
| 01-Jun-2021 | Sandra Dilio | .30 | 32.70 | emails - Ottawa Hydro - request to disconnect power to vacant units |
| 08-Jun-2021 | Alexis Lewis-Coelho | .30 | 32.70 | Recorded EFT from Ottawa Properties and completed journal entries |
| 09-Jun-2021 | Alexis Lewis-Coelho | .20 | 21.80 | prepared cheque for Insurance policy invoice |
| 16-Jun-2021 | Sandra Dilio | .20 | 21.80 | courier documents to Soloway Wright |
| 18-Jun-2021 | Alexis Lewis-Coelho | .40 | 43.60 | Prepared and email wire transfer instructions Soloway Wright LLP |
| 23-Jun-2021 | Alexis Lewis-Coelho | .40 | 43.60 | Prepared and emailed wire transfer instructions to Jerry Tsao and responding to query |
| 24-Jun-2021 | Alexis Lewis-Coelho | .20 | 21.80 | Emailed RBC to verify that wire transfers and e-transfer was received. |
| 24-Jun-2021 | Gisele Mubika | .30 | 38.70 | Processing CRA online authorization |
| 25-Jun-2021 | Alexis Lewis-Coelho | .30 | 32.70 | posted EFT received from Avison Young and transactions related EFT |
| 25-Jun-2021 | Sandra Dilio | .20 | 21.80 | contact Ottawa Hydro to regarding property sold |
| 28-Jun-2021 | Alexis Lewis-Coelho | .40 | 43.60 | recorded EFTs received from RBC and Ottawa Property Managers and posted journal entries related to EFTs |
| 28-Jun-2021 | Alexis Lewis-Coelho | .40 | 43.60 | recorded wire transfer payment received from Soloway Wright LLP for sale of property and posted related journal entries |

In the matter of the Court Appointed Receivership of Yuk Cheung Lee
 Summary of fees and expenses of the Receiver

| Date | Description | Units | Amount | Notes |
|--|---------------------|---------------|---------------------|--|
| 28-Jun-2021 | Alexis Lewis-Coelho | .20 | 21.80 | Prepared cheque for MNP Ltd - Interim bill for services rendered |
| 29-Jun-2021 | Alexis Lewis-Coelho | .30 | 32.70 | Prepared cheque for Hydro Ottawa - multiple invoices |
| 06-Jul-2021 | Alexis Lewis-Coelho | .20 | 21.80 | Prepared cheque for MNP Ltd for services related to court approval of sale |
| 06-Jul-2021 | Sandra Dilio | .20 | 21.80 | load cheque and print invoice |
| 12-Jul-2021 | Sandra Dilio | .20 | 21.80 | email to Ottawa Hydro regarding final invoices |
| 13-Jul-2021 | Alexis Lewis-Coelho | .30 | 32.70 | Prepared cheque for Hydro Ottawa - multiple invoices |
| 14-Jul-2021 | Alexis Lewis-Coelho | .20 | 21.80 | Prepared cheque for payment to Grace George |
| 16-Jul-2021 | Alexis Lewis-Coelho | .20 | 21.80 | Prepared cheque for Hydro Ottawa - payment of utility |
| 19-Jul-2021 | Sandra Dilio | .20 | 21.80 | new Hydro Ottawa invoices, print for review |
| 21-Jul-2021 | Alexis Lewis-Coelho | .30 | 32.70 | Prepared cheque - payment to Hydro Ottawa |
| 21-Jul-2021 | Alexis Lewis-Coelho | .50 | 54.50 | Deposit funds |
| 29-Jul-2021 | Alexis Lewis-Coelho | .50 | 54.50 | Deposit funds |
| 28-Oct-2021 | Alexis Lewis-Coelho | .20 | 21.80 | processed cheque for payment MNP Ltd |
| 15-Mar-2022 | Alexis Lewis-Coelho | .20 | 22.20 | processed cheque for payment of invoice - MNP Ltd |
| 23-Mar-2022 | Gisele Mubika | .70 | 92.40 | Sitecore posting - French site |
| 28-Mar-2022 | Alexis Lewis-Coelho | .20 | 21.80 | processed cheque for payment of legal fees |
| Total Estate Administrator time | | 18.30 | 2,113.40 | |
| Total Administration time | | 172.15 | \$ 65,776.55 | |
| Inclusive of HST | | | \$ 74,327.50 | |

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Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
OF THE CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

YUK CHEUNG LEE

Respondent

**AFFIDAVIT OF ROXANNE CHAPMAN
(sworn on March 29, 2022)**

I, Roxanne Chapman, of the City of Ottawa, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a law clerk with the law firm of Soloway Wright LLP ("SW"), the lawyers for the Court-Appointed Receiver, MNP Ltd. (the "Receiver"), and have assisted with the carriage of this matter. As such, I have knowledge of the matters to which I hereinafter depose except where such knowledge is stated to be based on information and belief, in which case I confirm the source of my information and belief and verily believe such information to be true.
2. For convenience, defined terms herein not otherwise defined are as defined in the Receiver's final report to the Court (the "Final Report").

3. Attached hereto as Exhibit "A" are true copies of the invoices issued by SW for fees and disbursements incurred during the course of the within proceeding to the period ending March 28, 2022. The attached invoices are summarized as follows:

| Invoice Date | Fees | Disbursements | HST | Total |
|---------------------|--------------------|----------------------|-------------------|--------------------|
| February 5, 2021 | \$3,850.00 | \$96.62 | \$504.57 | \$4,451.19 |
| July 12, 2021 | \$3,941.00 | \$437.60 | \$569.22 | \$4,947.82 |
| July 14, 2021 | \$13,000.00 | \$471.16 | \$1,700.68 | \$15,171.84 |
| March 28, 2022 | <u>\$4,706.00</u> | <u>\$0.00</u> | <u>\$611.78</u> | <u>\$5,317.78</u> |
| TOTAL | \$25,497.00 | \$1,005.38 | \$3,386.25 | \$29,888.63 |

4. I have been advised by André Ducasse, the lawyer with carriage of this matter on behalf of the Receiver, and verily believe that the work carried out by SW personnel on behalf of the Receiver can be briefly summarized as follows:

- Various communications with Receiver regarding tenant issues, rental arrears, collecting rents, squatter and advice regarding same and issuing trespassing notice to squatter.
- Various communications with Receiver regarding issues with respect to fire inspection reports.
- Various communications with Receiver regarding sales and marketing process, including reviewing listing and other agreements with respect to sales process and advice to Receiver regarding same.
- Various communications with counsel for BMO regarding ongoing receivership proceedings.
- Various communications with Receiver regarding water damage and wildlife infestations and advice regarding same.
- Various dealings and communications with counsel for purchaser regarding sale of property, including various issues with respect to residential and commercial leases.
- Various dealings with secured creditor regarding payout of indebtedness owing.

- Various communications with Receiver regarding Debtor's tax liability, proposed course of action regarding same and advice with respect thereto.
- Issuing default notices under commercial lease and various communications with Receiver regarding same.
- Various communications with Receiver and City of Ottawa regarding tax arrears and issues regarding same.
- Preparing material regarding sales approval motion and motion for distribution order, including drafting and revising Receiver's First Report to the Court, Notice of Motion, Factum and Authorities, reviewing confidential appendices and preparing brief of confidential appendices, fee affidavits and Court Orders, reviewing authorities regarding same, and preparing for and attending the said motion.
- Ongoing correspondence and communications with the Receiver regarding advice with respect to receivership proceedings and various issues regarding same.
- Advising the Receiver and dealing with the sale of the Real Property, including tax arrears, searches regarding sale, dealing with encumbrances, requisitions and response thereto, and dealing with purchaser's counsel in respect of the foregoing.
- Ongoing correspondence and communication with the Receiver regarding secured and priority claims and documents regarding same.
- Dealing with all aspect of the closing of the sales transaction, including preparing and exchanging closing documents, undertakings regarding closing, statement of adjustments, and various dealings and communications with purchaser's counsel regarding same. Also dealing with post-closing issues, including discharging security and secured registrations pursuant to Approval and Vesting Order.
- Preparing material regarding final distribution and discharge motion, including drafting and revising Receiver's Final Report to the Court, Notice of Motion, Factum and Authorities, fee affidavits, and Court Orders regarding same,

reviewing authorities regarding same, and preparing for and attending said motion.


5. The following table further summarizes the invoices attached as Exhibit "A" by work completed by each SW professional, his or her position with SW, the hours worked by each professional, along with the amounts and the effective hourly rates charged for each professional:

| Professional | Position | Hours Invoiced | Amount Invoiced (excluding HST) | Effective Hourly Rate |
|----------------------|------------------|----------------|---------------------------------|-----------------------|
| André Ducasse | Partner | 46.4 | \$19,864.00 | \$428.10 |
| Daniel Coderre | Partner | 0.1 | \$39.00 | \$390.00 |
| Sybil Johnson-Abbott | Partner | 5.5 | \$2,145.00 | \$390.00 |
| Caleb Timmermann | Associate Lawyer | 2.3 | \$350.00 | \$152.17 |
| Nicholas Valsamis | Associate Lawyer | 11.7 | \$1,996.00 | \$170.60 |
| Irene Smith | Law Clerk | 0.9 | \$150.00 | \$166.67 |
| Shana Gardiner | Law Clerk | 5.0 | \$875.00 | \$175.00 |
| Kelly Marrison | Law Clerk | 0.1 | \$10.00 | \$100.00 |
| Veronica Redmond | Law Clerk | 0.3 | \$57.00 | \$190.00 |
| Courtney MacNeil | Law Clerk | 0.1 | \$11.00 | \$110.00 |
| Total | | 72.4 | \$25,497.00 | \$352.17 |

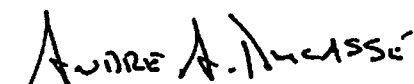
6. I have further been advised by André Ducasse, and verily believe that, to the best of his knowledge the above rates charged by SW throughout the course of these proceedings are standard and comparable to the rates charged by other law firms in the Ottawa market for the provision of similar services.

7. I make this Affidavit in support of a motion by the Receiver for, *inter alia*, approval of the fees and disbursements of the Receiver's counsel.

SWORN BEFORE me at the City of Ottawa in
the Province of Ontario
this 2nd day of March, 2022


A Commissioner for Taking Affidavits, etc.


ROXANNE CHAPMAN


LSO # 44739R

This is Exhibit "A" referred to in the Affidavit of Roxanne
Chapman sworn March 28, 2022

A handwritten signature in black ink, consisting of a large, loopy initial 'C' followed by a series of overlapping loops and a final flourish.

~~Commissioner for Taking Affidavits (or as may be)~~



Soloway Wright LLP
700 - 427 Laurier Avenue West
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John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

February 5, 2021
Our File # 52064-01010
Invoice # 323134
GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: RECEIVERSHIP OF YUK CHEUNG LEE

| | | |
|--------------------------------------|------------------|---------------------------|
| Our Fee Herein | | \$ 4,037.00 |
| Less Courtesy Discount | | - \$ 187.00 |
| Net Fee Herein | | \$ 3,850.00 |
| | | |
| Total Disbursements | | \$ 96.62 |
| | | |
| HST on Fees - 13.00% | \$ 500.50 | |
| HST on Disbursements - 13.00% | \$ 4.07 | |
| | | <u>\$ 504.57</u> |
| | | |
| Total Account | | <u>\$ 4,451.19</u> |


André Ducasse
(0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.



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John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

February 5, 2021
Our File # 52064-01010
Invoice # 323134
GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: RECEIVERSHIP OF YUK CHEUNG LEE

FEES

| Date | Atty | Description of Services Rendered | Hours |
|---------|------|--|-------|
| 1/04/21 | AD | Various emails with J. Haralovich and J. Tsao re: various arrears, payment thereof, city and fire compliance reports, rent payments, required repairs and proposed next steps; drafting correspondence to Court re: status of sale and receivership. | 1.20 |
| 1/06/21 | AD | Correspondence from J. Haralovich re: fire inspection report and reviewing same; correspondence to J. Haralovich and J. Tsao re: same; correspondence to J. Haralovich re: registering order on title; correspondence from J. Haralovich re: BIA notice; drafting and revising same; correspondence to J. Haralovich re: same. | .50 |
| 1/07/21 | SJ | E-mail from A. Ducasse regarding receivership order; instructions to title clerk regarding same. | .10 |
| 1/07/21 | AD | Correspondence from J. Haralovich re: issues re: collection of commercial rents. | .10 |
| 1/07/21 | AD | Correspondence from and to J. Haralovich re: registering receivership order on title; memo to S. Johnson-Abbott re: same. | .10 |
| 1/08/21 | SJ | Review draft teraview document relating to registration of receivership order; e-mail to A. Ducasse regarding same. | .30 |
| 1/08/21 | AD | Correspondence from Court re: entered order; correspondence to J. Haralovich re: same; correspondence to S. Johnson-Abbott re: order to register on title; reviewing documentation to register order on title; correspondence to J. Haralovich re: same. | .20 |

Invoice #: 323134
 RECEIVERSHIP OF YUK CHEUNG LEE

February 5, 2021

| Date | Att. | Description of Services Rendered | Hours |
|-------------|-------------|---|--------------|
| 1/08/21 | IS | Review title and Receivership Order; prepare Application to register Court Order; prepare Acknowledgment and Direction. | .70 |
| 1/11/21 | AD | Correspondence from J. Haralovich re: request for property and operating costs and issues re: same. | .10 |
| 1/12/21 | AD | Telephone attendance with J. Haralovich re: various tenant issues and fire marshal report and proposed course of action re: same | .30 |
| 1/13/21 | SJ | Receipt of signed acknowledgment and direction for receiving order and instructions to law clerk regarding same. | .10 |
| 1/13/21 | AD | Correspondence from J. Haralovich re: various reports re: fire inspection report; reviewing said report; correspondence to and from S. Johnson-Abbott re: registration of receivership order. | .20 |
| 1/13/21 | IS | Attend to registration of Court Order appointing MNP Ltd. as Receiver. | .20 |
| 1/14/21 | AD | Correspondence from and telephone attendance with J. Haralovich re: various residential and commercial tenancy issues and dealing with squatter. | .20 |
| 1/15/21 | AD | Correspondence from J. Haralovich and J. Tsao re: listing proposal and reviewing same; memo to associate re: research re: squatter and breach of commercial tenancy and remedies re: same. | .40 |
| 1/15/21 | CT | E-mails with A. Ducasse re: whether Residential Tenancies Act applies to illegal rental unit; research re: same. | .90 |
| 1/18/21 | AD | Reviewing memo from C. Timmermann re: remedies under residential and commercial tenancies. | .20 |
| 1/18/21 | CT | Continue research re: applicability of Residential Tenancies Act to illegal rental unit; review commercial lease; research re: Commercial Tenancies Act and ability to evict tenant for non-payment of rent; e-mail to A. Ducasse re: same. | 1.30 |
| 1/19/21 | AD | Reviewing memo and Trespass to Property Act and Commercial Tenancies Act re: lease and rental issues; correspondence to and call with J. Haralovich re: same and proposed course of action to deal with squatter and commercial tenant. | .50 |
| 1/20/21 | AD | Call with J. Haralovich re: issues re: sale process and advice re: same. | .20 |
| 1/21/21 | AD | Telephone attendance with and correspondence from J. Haralovich re: undisclosed assets by debtor and issues re: same and proposed course of action. | .20 |
| 1/22/21 | AD | Emails with J. Haralovich re: title issues; memo to clerks re: further searches and reviewing results; call with J. Haralovich re: foregoing and issues re: sales process and advice re: same. | .40 |
| 1/22/21 | KM | Ordering corporate search against 836564 Ontario Inc. | .10 |
| 1/25/21 | AD | Emails with J. Haralovich re: notice to squatter; reviewing file and law memo re: same; drafting and revising notice; correspondence to and J. Haralovich re: same; revising letter accordingly; call with J. Haralovich re: sales process and issues re: same. | 1.40 |

SOLOWAY, WRIGHT LLP

Invoice #: 323134
 RECEIVERSHIP OF YUK CHEUNG LEE

February 5, 2021

| Date | Atty | Description of Services Rendered | Hours |
|---------|------|--|-------|
| 1/26/21 | AD | Telephone attendance with counsel for BMO re: receivership and BMO's mortgage enforcement proceedings re: adjoining property owned by debtor; telephone attendance with J. Haralovich re: same; email to J. Haralovich and BMO counsel re: same. | .50 |
| 1/27/21 | AD | Emails from and call with J. Haralovich re: squatter changing locks, access to premises and proposed course of action re: same; emails with property manager re: same. | .30 |
| 1/28/21 | AD | Emails with J. Haralovich re: property flood and water damage and issues re: same. | .10 |
| 1/29/21 | AD | Correspondence from J. Haralovich re: recent developments re: squatter and next steps re: same. | .10 |
| 2/01/21 | AD | Correspondence from J. Haralovich re: recent developments re: water damage to premises and squatter. | .10 |
| 2/02/21 | AD | Call with J. Haralovich re: recent developments re: tenants and sales process and next steps re: same. | .10 |

Total Hours: 11.10

Our Fee Herein: \$ 3,850.00

DISBURSEMENTS

| Description of Costs Advanced | Amount |
|--------------------------------------|--------|
| Teraview Registrations (non taxable) | 65.30 |
| Teraview Registration Fee | 10.90 |
| Corporate File Search | 8.00 |
| Cyberbahn Fee | 12.42 |

Total Disbursements: \$ 96.62

HST on Fees - 13.00% \$ 500.50

HST on Disbursements - 13.00% \$ 4.07

Total Taxes \$ 504.57

Total Account \$ 4,451.19

THIS IS OUR ACCOUNT



Soloway Wright LLP
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John Haralovich
 MNP Ltd.
 1600 Carling Avenue, Suite 800
 Ottawa, ON K1Z 1G3

July 12, 2021
 Our File # 52064-01010
 Invoice # 328584
 GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: RECEIVERSHIP OF YUK CHEUNG LEE

| | | |
|-------------------------------|-----------------|------------------|
| Our Fee Herein | | \$ 3,941.00 |
| Total Disbursements | | \$ 437.60 |
| HST on Fees - 13.00% | \$ 512.33 | |
| HST on Disbursements - 13.00% | <u>\$ 56.89</u> | |
| Total Taxes | | <u>\$ 569.22</u> |
| Total Account | | \$ 4,947.82 |
| Less Transfer from Trust | | - \$ 4,947.82 |
| Total Amount Due | | <u>\$ 0.00</u> |


 André Ducasse
 (0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.



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Ottawa, ON K1Z 1G3

July 12, 2021
Our File # 52064-01010
Invoice # 328584
GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: RECEIVERSHIP OF YUK CHEUNG LEE

FEEs

| Date | Att | Description of Service Rendered | Hours |
|---------|-----|---|-------|
| 2/24/21 | AD | Reviewing, drafting and revising agreement of purchase and sale re: sale of receivership lands and premises; reviewing updates property searches results re: same. | 1.70 |
| 2/24/21 | VR | Obtain updated PIN as requested; report to Roxanne Chapman. | .10 |
| 4/21/21 | SJ | E-mail from J. Haralovich and A. Ducasse; instructions to law clerk regarding tax certificate. | .10 |
| 4/27/21 | SJ | E-mail from A. Ducasse regarding tax certificate and additional charges added thereon. | .10 |
| 5/14/21 | SJ | E-mail from J. Haralovich regarding closing details for 330 Wilbrod Street. | .10 |
| 5/19/21 | SJ | E-mail to M. Leitman regarding status of vesting order and accuracy of name and HST registration matters; telephone with M. Leitman regarding closing date and closing logistics. | .30 |
| 6/01/21 | SJ | E-mail from J. Haralovich regarding vacant premises and remaining tenants; instructions to law clerk regarding same. | .10 |
| 6/03/21 | CM | Pulled PIN for 330 Wilbrod Street; produce execution certificate for Y. Lee. | .10 |
| 6/03/21 | VR | Obtain PPSA search for Yuk Cheung Lee and report to Roxanne Chapman. | .20 |
| 6/08/21 | SJ | E-mail from A. Ducasse regarding entered order; calculate closing date and confirm same with Purchaser's counsel; instructions to law clerk regarding same. | .30 |
| 6/14/21 | SJ | Review e-mails regarding paying advance to receiver and authorized amount to be paid to RBC; instructions to law clerk regarding same. | .20 |
| 6/15/21 | SJ | Review and revise closing documents; instructions to law clerk regarding funds and disbursement and documents to purchaser's lawyer. | 1.00 |

SOLOWAY, WRIGHT LLP

Invoice #: 328584
 RECEIVERSHIP OF YUK CHEUNG LEE

July 12, 2021

| Date | Atty | Description of Services Rendered | Hours |
|---------|------|---|-------|
| 6/15/21 | AD | Correspondence from purchaser's counsel re: issues re: commercial tenant; correspondence to and call with J. Haralovich re: same; correspondence to and from counsel re: same; emails with S. Johnson-Abbott re: closing issues. | .30 |
| 6/16/21 | SJ | E-mails with J. Haralovich regarding closing logistics; instructions to law clerk regarding same; review signing package. | .30 |
| 6/16/21 | AD | Memo from real estate clerk re: statement of adjustment, PPSA discharge and accounting of proceeds; correspondence to J. Tsao (RBC) re: PPSA discharge. | .40 |
| 6/17/21 | SJ | Review and revise requisition letter. | .30 |
| 6/18/21 | SJ | E-mail from purchaser's counsel regarding correction is teraview vesting order. | .10 |
| 6/21/21 | SJ | Status update with law clerk and instructions regarding keys; review outstanding matters; dealing with pre-closing matters. | .40 |
| 6/21/21 | AD | Correspondence from and to S. Johnson-Abbott re: closing issues. | .20 |
| 6/22/21 | SJ | Attending to closing matters; e-mails with purchaser's counsel; wiring funds and reporting to client regarding closing matters. | .70 |
| 6/22/21 | AD | Memo from S. Johnson-Abbott re: closing agenda items; correspondence to RBC (J. Tsao) re: closing and closing funds; correspondence from and to J. Haralovich re: closing issues and accounting of proceeds. | .30 |
| 6/22/21 | SG | Review Approval and Vesting Order; draft closing documents; draft application for vesting order; obtain tax and water certificates; draft statement of adjustments; attend to closing matters; draft report to client | 5.00 |
| 6/23/21 | SJ | Dealing with post-closing matters. | .20 |
| 6/23/21 | AD | Memos from S. Johnson-Abbott re: sale and issues re: same; correspondence from debtor's counsel and J. Haralovich re: particulars with respect to sale and capital gains re: debtor and next steps; various emails with RBC (J. Tsao) re: accounting of funds and distribution. | .30 |

Total Hours: 12.80

Our Fee Herein: \$ 3,941.00

SOLOWAY, WRIGHT LLP

Invoice #: 328584
 RECEIVERSHIP OF YUK CHEUNG LEE

July 12, 2021

DISBURSEMENTS

| Description of Costs Advanced | Amount |
|---|----------------------|
| PPSA Search | 8.00 |
| Teraview Search Fee | 50.10 |
| Teraview Executions/Sheriff Certificate | 11.95 |
| Teraview Search | 37.10 |
| Real Estate Transaction Levy | 65.00 |
| Tax Cert (City of Ottawa/Kingston) | 145.00 |
| Water Certificate (Ottawa or Kingston) | 72.50 |
| Cyberbahn Fee | 47.95 |
| Total Disbursements: | \$ 437.60 |
| HST on Fees - 13.00% | \$ 512.33 |
| HST on Disbursements - 13.00% | <u>\$ 56.89</u> |
| Total Taxes | \$ 569.22 |
| Total Account | \$ 4,947.82 |
| Less Transfer from Trust | - \$ 4,947.82 |
| Total Amount Due | \$ 0.00 |

THIS IS OUR ACCOUNT



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John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

July 14, 2021
Our File # 52064-01010
Invoice # 328725
GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: RECEIVERSHIP OF YUK CHEUNG LEE

| | | |
|--------------------------------------|--------------------|---------------------------|
| Our Fee Herein | | \$ 13,599.00 |
| Less Courtesy Discount | | - \$ 599.00 |
| Net Fee Herein | | \$ 13,000.00 |
| | | |
| Total Disbursements | | \$ 471.16 |
| | | |
| HST on Fees - 13.00% | \$ 1,690.00 | |
| HST on Disbursements - 13.00% | \$ 10.68 | |
| | | <u>\$ 1,700.68</u> |
| | | |
| Total Account | | \$ 15,171.84 |
| Less Transfer from Trust | | - \$ 15,171.84 |
| Total Amount Due | | <u>\$ 0.00</u> |



André Ducasse
(0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.



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July 14, 2021

Our File # 52064-01010

Invoice # 328725

GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: RECEIVERSHIP OF YUK CHEUNG LEE

FEES

| Date | Atty | Description of Services Rendered | Hours |
|---------|------|--|-------|
| 2/08/21 | AD | Call with J. Haralovich re: recent developments re: sales process and squatter and proposed course of action re: same. | .20 |
| 2/10/21 | AD | Emails with J. Haralovich re: recent developments re: squatter. | .10 |
| 2/12/21 | AD | Call with J. Haralovich re: status of squatter and next steps re: same and sales process. | .10 |
| 2/16/21 | AD | Correspondence from and to and call J. Haralovich re: status of squatter vacating premises and agreement of purchase and sale re: sale of property. | .10 |
| 3/12/21 | AD | Correspondence from J. Haralovich re: lease arrears; reviewing agreement re: same; correspondence to J. Haralovich re: arrears, agreement and issues re: same. | .20 |
| 3/15/21 | AD | Telephone attendance with J. Haralovich re: issues raised by debtor's counsel re: sales process and advice re: same and proposed course of action. | .20 |
| 3/17/21 | AD | Correspondence from J. Haralovich re: recent communications from debtor and reviewing same; correspondence to and from J. Haralovich re: same and proposed course of action. | .20 |
| 3/17/21 | CT | E-mails with A. Ducasse re: eviction of squatter and commercial tenant. | .10 |
| 3/18/21 | AD | Email from and call with J. Haralovich re: recent developments re: sales process, potential offer and proposed course of action re: same. | .20 |
| 3/22/21 | DAC | Telephone call from Andre Ducasse. Provide precedent demand letter for lease default and notice of termination. | .10 |

SOLOWAY, WRIGHT LLP

Invoice #: 328725
 RECEIVERSHIP OF YUK CHEUNG LEE

July 14, 2021

| Date | Atty | Description of Services Rendered | Hours |
|-------------|-------------|---|--------------|
| 3/22/21 | AD | Telephone attendances with and email counsel for a prospective purchaser re: issues re: agreement of purchase and sale, tenancies and receivership proceedings; telephone attendance with J. Haralovich re: same and defaults under commercial lease and instructions to issue demand; reviewing file re: same; telephone attendance with D. Coderre re: issues re: breach of commercial lease and proposed course of action re: same; correspondence from RBC re: debtor's recent communications to the Bank and reviewing same; correspondence from J. Haralovich re: commercial tenant's arrears and reviewing same; drafting and revising demand letter to commercial tenant re: arrears; correspondence to J. Haralovich re: same. | 1.30 |
| 3/23/21 | AD | Telephone attendance with J. Haralovich re: status of and issues re: sales process; correspondence from J. Haralovich re: recent communications by debtor and reviewing same. | .20 |
| 3/24/21 | AD | Emails from property manager and J. Haralovich re: issues re: commercial tenant, arrears and next steps; emails from and to J. Haralovich re: offers; reviewing various offers and spreadsheet re: same and making notes; telephone attendance with J. Haralovich re: foregoing, available options and proposed course of action re: offers and next steps re: same; telephone attendance with counsel for prospective purchaser re: issues re: offer, conditional period and commercial tenant; correspondence from bank re: offers. | 1.40 |
| 3/28/21 | AD | Correspondence from tenant and from J. Haralovich re: rental arrears. | .10 |
| 3/30/21 | AD | Various correspondence with J. Haralovich and property manager re: issues re: commercial tenant and arrears; reviewing file re: same. | .20 |
| 3/31/21 | AD | Correspondence from counsel for prospective purchaser and J. Haralovich re: due diligence, fire inspection report and non-disclosure agreement. | .10 |
| 4/06/21 | AD | Emails from and to J. Haralovich re: recent developments re: sales process, issues re: same, commercial tenancy arrears, and latest issues re: receivership proceedings and proposed course of action re: foregoing; telephone attendance with J. Haralovich re: foregoing; emails from J. Haralovich re: waiver of conditions and reviewing same and agreement of purchase and sale re: same. | .50 |
| 4/13/21 | AD | Emails and calls with J. Haralovich re: issues re: court report, distributions and advice proposed course of action re: same. | .40 |
| 4/15/21 | AD | Correspondence from and to counsel for purchaser re: sale, approval motion and next steps re: same; telephone attendance with J. Haralovich re: same. | .20 |
| 4/21/21 | AD | Correspondence from and to J. Haralovich and S. Johnson-Abbott re: Court report, tax arrears and issues re: closing of transaction; telephone attendance with counsel for BMO re: status of sale and next steps re: same. | .30 |

SOLOWAY, WRIGHT LLP

Invoice #: 328725
 RECEIVERSHIP OF YUK CHEUNG LEE

July 14, 2021

| Date | Att | Description of Services Rendered | Hours |
|---------|-----|---|-------|
| 4/26/21 | AD | Correspondence from and to debtor's counsel re: issues re: approval motion and next steps re: same; email from and call with J. Haralovich re: commercial lease defaults, available option and proposed course of action re: same, and issues re: approval motion. | .40 |
| 4/26/21 | AD | Correspondence from J. Haralovich re: receiver's Court report and reviewing same; reviewing file re: issues re: receiver's Court report; drafting and revising said report; instructions to clerk re: same. | 2.40 |
| 4/27/21 | AD | Drafting and revising receiver's first report to the Court; correspondence to J. Haralovich re: same; instructions to associate re: notice of motion, factum and authorities and orders. | .90 |
| 4/28/21 | AD | Email from and to J. Haralovich re: issues re: most recent tax certificate and accounting re: same; memo to associate re: same and instructions. | .10 |
| 4/29/21 | AD | Correspondence from and to J. Haralovich re: receiver's report and issues re: municipal tax arrears. | .10 |
| 4/30/21 | AD | Correspondence from and to debtor's counsel re: approval motion and issues re: same; consultation with associate re: motion material and issues re: municipal tax arrears; correspondence to and from City of Ottawa re: issues re: tax arrears; emails with J. Haralovich re: same. | .40 |
| 4/30/21 | NV | Review file and first report in preparation for drafting approval motion, factum, and court order. | .90 |
| 4/30/21 | NV | Review municipal property tax certificate and draft letter to City of Ottawa requesting documentation and particulars for Payments/Adjustments amount; email correspondence with City of Ottawa re tax certificate. | .80 |
| 4/30/21 | NV | Draft Notice of Motion. | 1.20 |
| 4/30/21 | NV | Phone call with City of Ottawa to request particulars and documents re tax certificate; email correspondence with A. Ducasse re particulars and documents of tax certificate; email correspondence with the City of Ottawa providing Court Order. | .50 |
| 5/03/21 | NV | Draft Factum; draft Vesting Order, and Approval Motion Order; email correspondence with A. Ducasse re draft court documents re Approval Motion. | 4.30 |
| 5/04/21 | AD | Email from and call with J. Haralovich re: commercial tenancy arrears and proposed course of action re: same. | .20 |
| 5/06/21 | AD | Reviewing and revising Receiver's court report and appendices thereto; reviewing and revising brief of confidential appendices; instructions to clerk re: foregoing; reviewing file, including pleadings and various search results re: approval motion; drafting and revising notice of motion, ancillary order, approval and vesting order and factum in support of approval motion; instructions to associate re: same; reviewing and revising authorities re: approval motion; instructions to associate re: same; memo to real estate clerks re: updating property, PPSA and execution searches. | 4.20 |

SOLOWAY, WRIGHT LLP

Invoice #: 328725
 RECEIVERSHIP OF YUK CHEUNG LEE

July 14, 2021

| Date | Atty | Description of Services Rendered | Hours |
|---------|------|--|-------|
| 5/07/21 | AD | Telephone attendance with J. Haralovich re: issues re: commercial tenancy arrears and next steps re: same and approval motion. | .20 |
| 5/07/21 | NV | Review and revise Approval Motion, Factum, Vesting Order, Order Approving First Report. | 2.10 |
| 5/10/21 | AD | Correspondence from City of Ottawa re: tax and water arrears and reviewing supporting documents re: same; drafting and revising correspondence to Court re: approval motion; consultations with associate re: approval motion material and instructions re: same. | 1.20 |
| 5/10/21 | NV | Review and revise Factum, Notice of Motion, and Order. | .20 |
| 5/11/21 | AD | Correspondence from Court re: approval motion; correspondence to and from J. Haralovich re: same; correspondence to Court re: same; instructions to associate and clerk re: same and approval motion material. | .20 |
| 5/12/21 | AD | Correspondence from and to debtor's counsel re: approval motion; call with J. Haralovich re: insurance coverage issues and approval motion. | .20 |
| 5/12/21 | NV | Review and revise Approval Motion Notice, Orders, and Factum. | .40 |
| 5/13/21 | AD | Correspondence to and from debtor's counsel re: approval motion and issues re: same; drafting and finalizing notice of motion and factum and authorities; instructions to clerk re: same; reviewing file re: breaches by commercial tenant and issues re: same; reviewing commercial tenancies act re: same. | 1.30 |
| 5/17/21 | AD | Various emails with purchaser's counsel, S. Johnson-Abbott and J. Haralovich re: approval motion and issues re: closing of transaction; correspondence to and call with J. Haralovich re: approval motion and status of various residential tenancies; instructions to clerk re: preparing approval motion material, and service and filing of same. | .80 |
| 5/19/21 | AD | Reviewing motion material; correspondence to service list re: service of motion material; instructions to clerk re: same; correspondence to purchaser's counsel re: approval and vesting order. | .50 |
| 5/25/21 | AD | Correspondence from and to debtor's counsel re: approval motion, and material and debtor's position re: same. | .10 |
| 5/28/21 | AD | Correspondence from and to J. Haralovich re: status of rent arrears re: commercial tenant and next steps re: same. | .10 |
| 6/01/21 | AD | Correspondence form J. Tsao (RBC) re: issues re: approval motion and closing; consultation with S. Johnson-Abbott re: same; correspondence to J. Tsao re: same; correspondence from and to J. Haralovich re: issues re: residential leases and closing; email to S. Johnson-Abbott re: same. | .30 |
| 6/03/21 | AD | Memo to clerks re: updating property, PPSA and execution searches; reviewing search results; reviewing approval and vesting order accordingly; instructions to clerk re: same; emails with and call with counsel for BMO re: approval motion and BMO writ and claim. | .80 |

SOLOWAY, WRIGHT LLP

Invoice #: 328725
 RECEIVERSHIP OF YUK CHEUNG LEE

July 14, 2021

| Date | Atty | Description of Services Rendered | Hours |
|---------|------|--|-------|
| 6/04/21 | AD | Reviewing motion material, including motion record, factum and authorities re: preparing for approval motion; preparing notes re: same; correspondence from and to debtor's counsel re: approval motion. | 2.70 |
| 6/07/21 | AD | Preparing for and attending approval motion; telephone attendance with J. Haralovich re: same and issues re: potential capital gains; emails with counsel for purchaser re: approval motion and next steps re: sales. | 1.90 |
| 6/07/21 | NV | Review materials in preparation for attending approval motion; attend approval motion. | 1.30 |
| 6/08/21 | AD | Emails and telephone attendance with J. Tsao (RBC) and J. Haralovich re: outcome of approval motion and distributions; correspondence from court re: orders and endorsement; correspondence to service list re: same; various correspondence to and from purchaser's counsel and S. Johnson-Abbott re: same and issues re: closing; correspondence to J. Haralovich re: distributions and issues re: same. | .50 |
| 6/09/21 | AD | Telephone attendance with J. Haralovich re: issues re: commercial tenant, rental arrears and proposed course of action re: same and closing issues re: same. | .10 |
| 6/30/21 | AD | Telephone attendance with J. Haralovich re: issues re: capital gains and tax liability and next steps re: same and receivership proceedings. | .10 |
| 7/05/21 | AD | Correspondence from and to J. Haralovich re: recent developments re: receivership proceedings and issues re: surplus funds. | .10 |

Total Hours: 37.70

Our Fee Herein: \$ 13,000.00

DISBURSEMENTS

| Description of Costs/Advanced | Amount |
|---|--------|
| Motions/Orders (non taxable) | 320.00 |
| Photocopies and Printing | 21.00 |
| Cert. Cheques/Bank Drafts (non taxable) | 69.00 |
| Courier Charges | 61.16 |

Total Disbursements: \$ 471.16

SOLOWAY, WRIGHT LLP

Invoice #: 328725
RECEIVERSHIP OF YUK CHEUNG LEE

July 14, 2021

| | |
|-------------------------------|-----------------|
| HST on Fees - 13.00% | \$ 1,690.00 |
| HST on Disbursements - 13.00% | <u>\$ 10.68</u> |

| | |
|--------------------|--------------------|
| Total Taxes | \$ 1,700.68 |
|--------------------|--------------------|

| | |
|---------------------------------|-----------------------|
| Total Account | \$ 15,171.84 |
| Less Transfer from Trust | - \$ 15,171.84 |
| Total Amount Due | <u>\$ 0.00</u> |

THIS IS OUR ACCOUNT



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John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

March 28, 2022
Our File # 52064-01010
Invoice # 338629
GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: RECEIVERSHIP OF YUK CHEUNG LEE

| | |
|--------------------------|--------------------|
| Our Fee Herein | \$ 4,706.00 |
| Total Disbursements | \$ 0.00 |
| HST on Fees - 13.00% | \$ 611.78 |
| Total Taxes | <u>\$ 611.78</u> |
| Total Account | \$ 5,317.78 |
| Less Transfer from Trust | - \$1,526.74 |
| Total Amount Due | <u>\$ 3,791.04</u> |



André Ducasse
(0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT,
INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR
DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.



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John Haralovich
MNP Ltd.
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Ottawa, ON K1Z 1G3

March 28, 2022
Our File # 52064-01010
Invoice # 338629
GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: RECEIVERSHIP OF YUK CHEUNG LEE

FEES

| Date | Atty | Description of Services Rendered | Hours |
|----------|------|--|-------|
| 7/15/21 | SJ | Review and revise reporting letter; instructions to law clerk regarding same. | .60 |
| 7/16/21 | SJ | Final review of reporting letter and e-mail to J. Haralovich regarding same. | .20 |
| 7/26/21 | AD | Telephone attendance with J. Haralovich re: status of receivership proceedings and issues re: tax liability and next steps re: same. | .10 |
| 8/30/21 | AD | Telephone attendance with J. Haralovich re: recent developments re: receivership proceedings and issues re: capital gains tax and next steps re: same. | .10 |
| 9/27/21 | AD | Emails from J. Haralovich and debtor re: issues re: reporting of capital gains and next steps re: same and receivership proceedings. | .10 |
| 10/13/21 | AD | Correspondence from debtor re: issues re: capital gains and receivership proceedings and next steps re: same. | .10 |
| 2/16/22 | AD | Telephone attendance with J. Haralovich re: status of matter and next steps. | .20 |
| 2/25/22 | AD | Call with J. Haralovich re: status of matter, recent developments and next steps re: discharge motion. | .20 |
| 3/21/22 | AD | Telephone attendance with J. Haralovich re: issues re: capital gain tax and return re: same and approval, distribution and discharge motion. | .30 |
| 3/22/22 | AD | Reviewing Receiver's Court report re: relief to be sought; correspondence to Court re: hearing date re: distribution and discharge motion; instruction to clerk re: motion material. | .50 |
| 3/23/22 | AD | Correspondence to and from Court re: Court attendance; emails with J. Haralovich re: same. | .10 |

SOLOWAY, WRIGHT LLP

Invoice #: 338629
 RECEIVERSHIP OF YUK CHEUNG LEE

March 28, 2022

| Date | Atty | Description of Services Rendered | Hours |
|---------------------------------|-------------|--|----------------------|
| 3/23/22 | AD | Reviewing file re: final approval, distribution and discharge motion; drafting and revising Receiver's Court report re: same; instructions to clerk re: same. | 1.80 |
| 3/24/22 | AD | Drafting and revising Receiver's Court report; correspondence to and from J. Haralovich re: same. | 1.00 |
| 3/25/22 | AD | Drafting and revising motion material, including Receiver's Court report, notice of motion, order, fee affidavit and factum and authorities; various emails with J. Haralovich re: same; reviewing various appendices to Receiver's report; instructions to clerk re: motion material. | 4.20 |
| 3/28/22 | AD | Drafting and finalizing motion material, including notice of motion, factum and fee affidavit; instructions to clerk re: same; correspondence to J. Haralovich re: same and fee affidavit. | 1.30 |
| Total Hours: | | | 10.80 |
| Our Fee Herein: | | | \$ 4,706.00 |
| HST on Fees - 13.00% | | \$ 611.78 | |
| Total Taxes | | | \$ 611.78 |
| Total Account | | | \$ 5,317.78 |
| Less Transfer from Trust | | | - \$ 1,526.74 |
| Total Amount Due | | | \$ 3,791.04 |

THIS IS OUR ACCOUNT

TAB C

Court File No. CV-20-00084880-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

YUK CHEUNG LEE

Respondents

**FIRST REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
YUK CHEUNG LEE**

APRIL 29, 2021

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- 4 Notice of Statement of Receiver
- 5 Listing proposal Avison Young
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- A Juteau Johnson Comba Inc., appraisal
- B McLean, Simon & Associates (Ottawa), appraisal
- C Unredacted Avison Young sales and marketing summary
- D Unredacted Purchase and Sale Agreement

INTRODUCTION AND BACKGROUND

1. Yuk Cheung Lee (the “Debtor”) resides at 326 Wilbrod Street, Ottawa, Ontario and managed the rental property located at 330-332 Wilbrod Street, Ottawa, Ontario (the “Property”).
2. On or about February 5, 2019, the Debtor became indebted to the Royal Bank of Canada (“RBC” or the “Lender”), its senior secured creditor, with respect to certain credit facilities granted by the Lender pursuant to and under the terms of various credit and security agreements contained as Exhibits A through E and the Receivership Application Record (the “Application Record”) dated November 3, 2020 (the “Security”).
3. As reported in the Application Record, the Debtor’s obligations to the Lender pursuant to the above loan and the Security (the “Indebtedness”) totaled \$1,142,042.03 as at October 8, 2020 (excluding interest and fees accrued since) as confirmed by Exhibit K of the Application Record.
4. The Security provides for the appointment of a receiver in the event of default by the Debtor under the Security.
5. On November 14, 2019, RBC issued a demand for payment of the Indebtedness to the Debtor, along with a Notice of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“BIA”) which demand and statutory notice are contained as Exhibit H of the Application Record.
6. On December 5, 2019, RBC provided the Debtor with draft a forbearance agreement, after incorporating changes requested by the Debtor, for review.
7. On December 11, 2019, RBC issued a Notice of Sale under Mortgage (the “Notice of Sale”) with respect to the Property in accordance with RBC’s mortgage security and the *Mortgages Act*, which is contained at Exhibit I of the Application Record. The stay period provided for in the Notice of Sale expired on January 17, 2020.
8. On January 15, 2020, the Debtor’s lawyer advised RBC’s lawyer that the Property had been listed for sale and requested further changes to the draft forbearance agreement.

9. On February 26, 2020, Debtor's counsel advised that the Debtor was listing the property for sale, that the tax arrears had been paid and proposed further amendments to the draft forbearance agreement.
10. On May 26, 2020, a Notice of Attornment of Rents (the "Rents Attornment") was issued to each of the tenants of the Property advising of the Debtor's default under RBC's mortgage security and directing that all future rents be paid directly to RBC. RBC confirmed that no rents were ever received following issuance of the Rents Attornment.
11. On June 10, 2020, counsel for RBC advised Debtor's counsel that unless arrangements satisfactory to RBC were agreed to by June 19, 2020, RBC would have no alternative but to bring a receivership application.
12. On June 22, 2020, Debtor's counsel advised RBC's counsel that they were in discussions with three potential purchasers, with one written offer to purchase the Property in hand.
13. On August 12, 2020, Debtor's counsel advised RBC's counsel that the offer to purchase the Property had fallen through and that they were pursuing another interested party.
14. From May 2019 to October 2020, the Debtor was unable to reduce the principal amount owing to RBC pursuant to the loan and the Security, such that the amount outstanding to RBC exceeds the original indebtedness.
15. On October 30, 2020, the Debtor entered into a purchase and sale agreement (the "Proposed Transaction"), however the offer was subject to various conditions and as such did not constitute a firm binding offer to purchase.
16. On November 2, 2020, RBC brought an application for the appointment of MNP Ltd. ("MNP") as the receiver of the Debtor and for the protection of the interests of RBC and other stakeholders.
17. By Order of this Honourable Court dated December 8, 2020 (the "Receivership Order"), MNP was appointed receiver (the "Receiver"), without security, of all of the assets, undertakings and properties of the Debtor used in relation to his businesses, including

all proceeds thereof, and the Property. A copy of the Receivership Order is attached at Appendix "1".

18. By Ancillary Order of this Honourable Court dated December 8, 2020 (the "Ancillary Order"), MNP was to attempt to complete the Proposed Transaction in the event the conditions were waived on or before December 15, 2020 and the Court approved the Proposed Transaction. The Court further ordered that the Receiver was not required to manage or take control of the Property until closing of the Proposed Transaction and that the Receiver could obtain suitable insurance. A copy of the Ancillary Order is attached at Appendix "2".
19. The Proposed Transaction was not finalized by December 15, 2020 and the conditional period was extended to December 24, 2020.
20. By Order of this Honourable Court dated December 21, 2020 (the "Possession Order"), MNP was granted the ability to take protective measures the Receiver deemed appropriate, including retaining a property manager, in the event the conditions to the Proposed Transaction were not waived by December 24, 202. In such circumstances, the Receiver would forthwith assume management and control of the Property and initiate a sales and marketing process for the sale of the Property. A copy of the Possession Order is attached at Appendix "3".
21. The Possession Order also amended paragraph 21 of the Receivership Order setting the Receiver's borrowing limit to be the amount of \$150,000.00.

PURPOSE OF THIS REPORT

22. The purpose of this first report of the Receiver to the Court (the "First Report") is to:
 - (a) report on the activities of the Receiver since its appointment pursuant to the Receivership Order, the Ancillary Order and Possession Order;
 - (b) seek the Court's approval of the activities and conduct of the Receiver and that of its legal counsel as described in the First Report;
 - (c) seek the Court's approval of the Sales Agreement (as defined below) and of the Sales Transaction (as defined below) and the conveyance of the Property to the

purchaser thereof and vesting title to the Property in the purchaser free and clear of any encumbrances;

- (d) seek the Court's approval to seal certain confidential appendices to the First Report;
- (e) seek the Court's approval of the Receiver's Interim Statement of Receipts and Disbursements (the "Interim SRD");
- (f) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, seek the Court's approval in respect of an interim distribution to RBC in the amount of \$1,215,000.00 on account of its first-ranking mortgage and secured claim; and
- (g) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, seek the Court's approval in respect of paying to the City of Ottawa all outstanding municipal tax arrears (the "Tax Arrears") in respect of the Property, which Tax Arrears totaled \$76,359.60 as of April 22, 2021.

23. All amounts referred to in the First Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

24. This First Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination of whether to approve the relief being sought.

25. In preparing this First Report, the Receiver has relied upon information from third party sources (collectively, the "Information"). Certain of the information contained herein may refer to, or be based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Honourable Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook.

INITIAL RECEIVERSHIP ACTIVITIES

26. Immediately following the granting of the Possession Order on December 24, 2020 (the “Receivership Date”), the Receiver attended at the Property to take possession of and secure the Property. The initial activities of the Receiver included:

- (a) notifying the Debtor of MNP’s appointment as Receiver;
- (b) attending at the Property to inspect the site and take photographs;
- (c) meeting with the property manager to review the site and identify items of concern;
- (d) providing a copy of the Receivership Order and the Possession Order to the Debtor;
- (e) arranging for insurance coverage for the Property;
- (f) instructing the property manager to advise all tenants of the Receiver’s appointment and directing that rent be paid to the property manager;
- (g) contacting various utilities to arrange for the continuation of services;
- (h) arranging for the removal of the trash and other waste material located in vacant units;
- (i) requesting relevant information and the books and records of the Debtor;
- (j) responding to creditor inquiries; and
- (k) preparing and issuing the prescribed notices and statement of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA, which was sent to the Debtors’ creditors. A copy of this notice is attached at **Appendix “4”**.

THE PROPERTY, THE APPRAISALS AND THE LISTING

27. The Property was purchased by the Debtor on May 13, 1974 for \$82,000.00.

28. At the date of the Receivership Order, Re/max Hallmark Realty Group (“Re/max”) had the Property listed for sale since December 16, 2019 with a list price of \$2,500,000.00.

29. The affidavit of the Re/max representative, Mr. Carmine Tripudio, sworn December 17, 2020, confirmed that due to the condition of the Property, he believed that they could

receive offers in the range of \$1,400,000.00 to \$1,600,000.00 for the Property in an “as is” condition.

30. The Receiver terminated the listing arrangement with Re/max.
31. On January 15, 2021, the Receiver obtained a listing proposal from Avison Young (“Avison”) to market and sell the Property. A copy of the listing proposal is contained at Appendix “5”.
32. On January 19, 2021, given the favourable terms contained in the Avison listing proposal and that Avison is a reputable, competent and licensed commercial real estate broker, the Receiver selected Avison to list and market the Property with a list price of \$2,050,000.00 well in excess of the range of offers suggested in Mr. Tripudio’s December 17, 2020 affidavit. A copy of the listing agreement is contained at Appendix 6”.
33. On January 20, 2021, the Receiver received a real estate appraisal from Juteau Johnson Comba Inc. (the “Comba Appraisal”) for the Property. A copy of the Comba Appraisal is reproduced at Confidential Appendix “A”.
34. On January 26, 2021, the Receiver received a real estate appraisal from McLean, Simon & Associates (Ottawa) (the “Simon Appraisal”) for the Property. A copy of the Simon Appraisal is reproduced at Confidential Appendix “B”.

MARKETING OF PROPERTY AND RESULTS

35. The marketing process and the results of the marketing process for the Property are detailed in Confidential Appendix “C” and a redacted copy is attached at Appendix “7”.
36. Highlights of Avison’s marketing process in respect of the sale of the Property are as follows:
 - a) Avison went to market to over 650 parties and asked all interested parties to submit offers to purchase by March 23, 2021;
 - b) there were 100 direct hits on Loopnet and there were 42 views on Avison’s website;

- c) 35 parties made inquiries and 12 formal inspections of the Property were conducted;
- d) parties advised Avison of their concerns about the condition of the Property, that it has been on the market for some time, that it was known to most investors and that the development option was best suited for the site given the condition of the Property;
- e) at the time of the initial offering expiring, five (5) offers were received from parties interested in purchasing the Property; and
- f) on March 23, 2021, the purchasing party submitted an offer to purchase the Property that RBC confirmed it supported.

THE SALES AGREEMENT AND TRANSACTION

37. On March 24, 2021, the Receiver accepted the final offer to purchase the Property (the “Sales Agreement”), copies of which are attached as Confidential Appendix “D” and a redacted copy of which is attached as Appendix “8” (in which the purchaser’s identity and the purchase prices were redacted). The Sales Agreement provides for a deposit of \$100,000.00, and that it is binding, that the conditional period expired on April 4, 2021 (the “Sales Transaction”) and was subject to the approval of the Court.
38. On April 2, 2021, the Receiver obtained the executed waiver of conditions which made the Sales Agreement binding and only subject to obtaining approval of the Court. A copy of the waiver of conditions is attached at Appendix “9”.
39. The Receiver recommends that the Sales Agreement and the Sales Transaction with respect to the Property be approved by this Honourable Court for the following reasons:
- a) the Property was exposed widely to the marketplace in a manner that is common for properties of this nature and was listed for sale with a professional and licensed commercial real estate broker that is well known in the market;
 - b) the Sales Agreement is now unconditional except for requiring the Court’s approval;
 - c) the purchase price is greater than the appraised values of the Property;
 - d) the purchase price is greater than the Avison listing price;
 - e) the purchase price is greater than the other offers received by the Receiver;

- f) the Property has been exposed the market since December 2019 by the Debtor and then by the Receiver;
- g) the Receiver does not believe that further marketing of the Property will result in a superior offer; and
- h) the Sales Transaction that is the subject of the Sales Agreement is provident and a favourable outcome for the estate and followed a thorough, impartial and fair sales process that fully tested the market.

ONGOING OPERATIONS

- 40. The Receiver took possession and control of the Property on December 24, 2020.
- 41. The Receiver was required to manage a live animal infestation throughout the Property for a cost to date of \$4,604.70.
- 42. When the Receiver took possession of the Property, heat had been turned off to a large portion of the structure which resulted in several water pipe breaks that had to be repaired at a cost of \$20,837.61.
- 43. The Receiver has collected rent from 3 out of 4 residential tenants. One tenant has refused to pay rent such that the Receiver was required to initiate eviction proceedings.
- 44. The rent collected to date has been offset by the operating costs and property manager fees.
- 45. There is one commercial tenant who has struggled to remit the monthly rent. The Receiver has issued a default letter to the tenant and continues to monitor this issue.
- 46. The Receiver did obtain two advances from RBC and accordingly issued Receiver's Certificates 1 and 2 for a combined amount of \$70,000.00. A copy of the Receiver's Certificates 1 and 2 are attached at Appendix "10".

PRIORITY AND SECURED CLAIMS

Priority Claims

- 47. As of April 15, 2021, the Tax Arrears for the Property were \$76,359.60. A copy of the property tax certificate is contained at Appendix "11".

48. The Receiver is not aware of any claims from Canada Revenue Agency.

Secured Claims

49. The parcel register for the Property confirms that RBC registered a charge on title to the Property on May 10, 2019 in the principal amount of \$1,100,000.00. The Receiver obtained an independent legal opinion from the Law office of Paul O. D'Angelo dated March 29, 2021 regarding the validity and enforceability of the security held by RBC, a copy of which is attached at Appendix "12".

50. Based on this legal opinion, it appears that:

- a) RBC's mortgage security with respect to the Property is valid and enforceable;
- b) The Receivership Order entitles the Receiver to deal with and sell the Property; and
- c) The site specific security agreement granted by the Debtor to RBC creates an attached and perfected security interest and is enforceable in accordance with its terms.

51. The parcel register for the Property and the PPSA search results for each of the Debtor are enclosed with this legal opinion attached at Appendix "12".

52. RBC provided the Receiver with an updated statement of account in respect of Debtor's indebtedness to RBC as of April 13, 2021. As of this date, the outstanding balance owing to RBC by Debtor was \$1,211,776.46 plus daily per diem interest of \$107.54 and ongoing legal costs and repayment of the Receiver's Certificates. The RBC statement of account is attached at Appendix "13".

FUNDS AVAILABLE FOR DISTRIBUTION

53. A copy of the Interim SRD is attached at Appendix "14". It confirms that receipts exceed disbursements by \$10,734.57 to the date of this First Report.

54. In the event the Sales Agreement and the Sales Transaction are approved by the Court and the transaction closes, the Receiver recommends paying the following distributions:

- a) \$76,359.60 or such other amount as may be required to pay the Tax Arrears in respect of the Property; and
- b) \$1,215,000.00 or such other amount as may be required to pay RBC on account of its secured mortgage claim.

55. The balance of the sale proceeds will be held by the Receiver until a further report to the Court is filed with respect to distributing these proceeds.

PROFESSIONAL FEES

56. Pursuant to paragraph 18 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person.

57. Pursuant to paragraph 19 of the Appointment Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.

58. The approval of fees and disbursements of the Receiver and that of its legal counsel will be sought in a further report to the Court.

COMPLETION OF THE RECEIVERSHIP

59. The Receiver will attempt to close the Sales Transaction and report back to Court upon its completion. In the event the Sales Transaction does not close, the Receiver will resume the sales process in respect of the Property subject to the Receivership Order.

SUMMARY AND RECOMMENDATIONS

60. For the reasons outlined above, the Receiver respectfully recommends that this Court grant the Receiver's request for an Order, amongst other things:

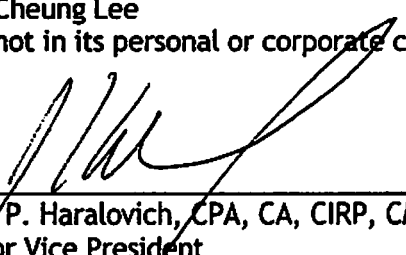
- (a) If necessary, abridging the time for and validation of service of the Notice of Motion and Motion Record herein;

- (b) Approving the Receiver's First Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the First Report;
- (c) Approving the Sales Agreement and Sales Transaction, and the conveyance of the Property to the purchase and vesting title of the Property in the purchaser free of encumbrances;
- (d) Approving the sealing of the confidential appendices to the First Report pending the closing of the Sales Transaction or further Order of this Court;
- (e) Approving the Interim SRD;
- (f) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, approving an interim distribution to RBC in the amount of \$1,215,000.00 on account of its first-ranking mortgage and secured claim; and
- (g) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, approving payment to the City of Ottawa for all Tax Arrears in respect of the Property.

This First Report is respectfully submitted to the Honourable Court as of this 29th day of April 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
Yuk Cheung Lee
and not in its personal or corporate capacity
Per:



John P. Haralovich, CPA, CA, CIRP, CMA
Senior Vice President

ROYAL BANK OF CANADA
Applicant

-and-

YUK CHEUNG LEE
Respondent

Court File No. CV-20-00084880-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF YUK CHEUNG LEE
of the City of Ottawa, in the Province of Ontario

PROCEEDING COMMENCED AT OTTAWA

MOTION RECORD
OF THE COURT-APPOINTED RECEIVER, MNP LTD.
(Receiver's Approval Motion)

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