

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

BETWEEN:

**ZAHERALI VISRAM**

Applicant

- and -

**2220277 ONTARIO INC.**

Respondent

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

**FOURTEENTH REPORT TO THE COURT OF A. FARBER & PARTNERS INC. IN ITS  
CAPACITY AS COURT APPOINTED RECEIVER OF 2220277 ONTARIO INC.**

**March 14, 2019**

**A. GENERAL BACKGROUND**

1. On August 1, 2017, pursuant to an order (the “**Receivership Order**”) of this Honourable Court (the “**Court**”), A. Farber & Partners Inc. was appointed receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (“**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 over all of the assets, undertakings and properties (the “**Property**”) of 2220277 Ontario Inc. (the “**Debtor**”).
2. Evan Karras (“**Karras**”) is the sole director and officer of the Debtor.
3. The Property included, without limitation, the real property municipally known as 650 Bay Street and 55 Elm Street located in Toronto, Ontario (the “**Real Property**”).

4. Pursuant to the Order of the Honourable Justice Penny, dated September 20, 2018 (the “**September 20 Order**”), Karras, 756597 Ontario Limited (“**756 Ontario**”) and 2296528 Ontario Inc. (“**229 Ontario**”) were required to deliver to the Receiver an accounting of all insurance proceeds received in respect of the March 13, 2016 flood at the Real Property. In addition, each of Karras, 756 Ontario and 229 Ontario were required to disgorge \$810,034 of insurance proceeds received as a result of the flood and deliver such funds to the Receiver, in trust. A copy of the September 20 Order is attached hereto as Appendix “A”.

#### **B. PURPOSE OF THE REPORT**

5. Pursuant to the Endorsement of the Honourable Justice Chiappetta, dated March 6, 2019, the Receiver has prepared this Fourteenth Report discussing the accounting and supporting documentation provided by Karras to the Receiver and the deficiencies of same. A copy of the Endorsement, dated March 6, 2019, is attached hereto as Appendix “B”.

#### **C. DISCLAIMER**

6. In preparing this Fourteenth Report, the Receiver has relied upon unaudited, draft and/or internal financial and other information provided by the sole director and officer of the Debtor, its advisors, and other third-party sources. The Receiver has not independently reviewed or verified such information. The Receiver has prepared this Fourteenth Report for the sole use of the Court and of the other stakeholders in these proceedings.

#### **D. ACCOUNTING**

7. Attached hereto as Appendix “C” is a copy of a spreadsheet prepared by the Receiver which summarizes the information provided by Karras to the Receiver in respect of the insurance proceeds. The payments claimed to have been made, as compiled on the spreadsheet, total \$1,129,153.76. Karras asserts that these payments were made on behalf of or for the benefit of the Debtor.
8. The spreadsheet also sets out the party who Karras claims received each payment and the amount of the payment(s) made to each party.

9. Based on its review of the information and the supporting documentation provided by Karras, the Receiver has broken down the alleged payments into three categories:

<b>Category</b>	<b>Amount</b>
No Reasonable Support Provided/Disputed	\$160,405.79
Reasonable Support Not Yet Provided	\$519,396.53
Reasonable Support Provided	<u>\$449,351.44</u>
<b>Total</b>	<b>\$1,129,153.76</b>

10. In the Receiver's view, the information is deficient as Karras has only provided reasonable support for \$449,351.44 of the payments allegedly made. A total of \$679,802.32 remains unaccounted for in that no support has been provided for the payments, or some supporting documentation has been provided however the documentation does not reasonably establish that the payments were made or, if made, were for the benefit of the Debtor.
11. The Receiver's reasons for the characterizations of the payments are set out in the column on the spreadsheet titled: Receiver's Notes.
12. As of the date of this Fourteenth Report, Karras has not disgorged any of the \$810,034 insurance proceeds, as mandated by the September 20 Order.
13. The Receiver reserves its right to proceed with its Motion seeking an Order finding each of Karras 756 Ontario and 229 Ontario in contempt of Court.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED  
THIS 14th DAY OF MARCH, 2019.**

**A. Farber & Partners Inc. in its capacity  
as Court-appointed Receiver of 2220277 Ontario Inc.  
and not in its personal or corporate capacity**

**Per:**  \_\_\_\_\_

Name: Stuart Mitchell

Title: Senior Managing Director

Court File No: CV-17-11811-00CL

**ZAHERALI VISRAM**  
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PROCEEDING COMMENCED AT TORONTO

**FOURTEENTH REPORT OF A. FARBER & PARTNERS**  
**INC. IN ITS CAPACITY AS COURT APPOINTED**  
**RECEIVER OF 2220277 ONTARIO INC.**

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*Lawyers for A. Farber & Partners Inc., Court Appointed  
Receiver of 2220277 Ontario Inc.*