

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

- and -

**AYAZ SOMANI IN HIS CAPACITY AS EXECUTOR OF
THE ESTATE OF NASEEM SOMANI**

Respondent

**SECOND REPORT OF DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS RECEIVER
DATED FEBRUARY 11, 2020**

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APPENDICES

APPENDIX	DESCRIPTION
A	Appointment Order dated December 13, 2019 and Endorsement of Justice Pattillo dated December 13, 2019
B	First Report of the Receiver dated January 27, 2020 (without appendices)
C	Administrative Order dated January 31, 2020
D	Claims Procedure Order dated January 31, 2020
E	Summary of RRSP and TFSA Transfers to Ayaz Somani on August 15, 2019 and Related Forms
F	Estate Information Return re Naseem Somani dated December 5, 2019
G	National Bank – Bank Statements No. #17031-00-101-08 – For the period May 28, 2019 to November 1, 2019
H	Email Correspondence dated January 30, 2020 between Macdonald Sager Manis LLP, Borden Ladner Gervais LLP and the Receiver
I	Email Correspondence dated February 3, 2020 and February 5, 2020 (with select attachments)
J	Email Correspondence dated February 7, 2020 and February 9, 2020 between Macdonald Sager Manis LLP, Borden Ladner Gervais LLP and the Receiver
K	Naseem Somani Bank Statements held at Royal Bank of Canada to November 22, 2019
L	Statement of Financial Position of the Estate of Naseem Somani as at February 10, 2020
M	Statement of Receipts and Disbursements for the period December 13, 2019 to February 10, 2020

INTRODUCTION

1. An application was made by Royal Bank of Canada (“**RBC**”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, appointing Deloitte Restructuring Inc. (“**Deloitte**”) as receiver (the “**Receiver**”) of: (i) all of the present and after acquired personal property of the Estate of Naseem Somani (the “**Somani Estate**” or the “**Debtor**”) held at National Bank of Canada and National Bank Financial (together, “**National Bank**”) (the “**National Bank Property**”); and (ii) the real property registered in the name of the Somani Estate known municipally as 106 Angus Glen Boulevard, Markham, Ontario (the “**Real Property**” or “**106 Angus Glen**”, and together with the National Bank Property, the “**Property**”).
2. By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 13, 2019 (the “**Appointment Order**”) and the Endorsement of Justice Pattillo (the “**December 13 Endorsement**”), Deloitte was appointed as the Receiver of the Property. Copies of the Appointment Order and the December 13 Endorsement are attached hereto as **Appendix “A”**.
3. The Appointment Order, among other things, authorized the Receiver to market any or all of the Property including 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 sole discretion may deem appropriate.
4. As described in paragraphs 9 and 10 of the First Report (defined below), the Somani Estate is the testamentary estate of Naseem Ayaz Somani (“**Naseem**”), who was the spouse of Ayaz Madat Somani (“**Ayaz**”). Ayaz is the Estate Trustee and Executor of the will of the Somani Estate. Naseem was a long-serving senior executive of Dynacare, a leading Canadian health and laboratory services company which is a subsidiary of US-based Laboratory Corporation of America Holdings (“**LabCorp**”), until retiring as its Chief Executive Officer in July 2018. Naseem passed away on March 17, 2019 (“**Date of Death**”). Naseem was the owner of 106 Angus Glen and the National Bank Property. Naseem and Ayaz have two adult children.
5. As described more particularly in paragraph 11 of the First Report (defined below), the Somani Estate is indebted to RBC pursuant to a mortgage on the Real Property and as a guarantor of credit facilities granted by RBC (the “**RBC Indebtedness**”) to AVG (OEAM) Inc. (“**AVG**”), a related entity. Ayaz, together with Karim Suleman (“**Suleman**”), are the sole directors and officers of AVG, a privately-owned Ontario corporation headquartered in Toronto.

6. The Somani Estate continues to be represented by the following professionals:
 - (a) Howard Manis of Macdonald, Sager, Manis LLP (“**Manis**”) acts as legal counsel to both the Somani Estate and Ayaz. Bruce Drake of Bruce Drake Law Office and Hooey Remus LLP (“**Drake**”, and together with Manis, “**Estate Legal Counsel**”) acts as legal counsel on estate legal matters; and
 - (b) Stella Gasparro of MNP LLP (“**MNP**” or the “**Estate Tax Advisor**”) provides estate tax services to Ayaz as estate trustee.
7. On January 27, 2020, the Receiver issued its first report to the Court (the “**First Report**”) for the purpose of, among other things, updating the Court on the Receiver’s activities in respect of the National Bank Property and 106 Angus Glen, and seeking orders approving the Receiver’s interim Statement of Receipts and Disbursements for the period December 13, 2019 to January 23, 2020 and relief in respect of outstanding estate and creditor information as described below. A copy of the First Report (without appendices) is attached hereto as **Appendix “B”**.
8. On January 31, 2020, the Court issued an order (the “**Administrative Order**”) requiring Ayaz Somani to provide to the Receiver within five (5) days of the date of the Administrative Order, a list of all persons whom Ayaz Somani has reason to believe will assert a general creditor claim against the Somani Estate, together with a list of all assets on hand when the executor took office, a list of all debts of the Somani Estate, identifying debts as at August 30, 2019 and all payments, distributions and transfers of property of the Somani Estate and a list of the remaining assets of the Somani Estate. Attached hereto as **Appendix “C”** is a copy of the Administrative Order.
9. Also on January 31, 2020, the Court issued a further order (the “**Claims Procedure Order**”) approving the Receiver’s proposed claims procedure to identify and determine the claims of the creditors of the Somani Estate (the “**Claims Procedure**”) and the Receiver’s proposed Claims Procedure Order, and authorizing and directing the Receiver to implement the Claims Procedure. Attached hereto as **Appendix “D”** is a copy of Claims Procedure Order.
10. The purpose of this second report of the Receiver (“**Report**”) is to:
 - (a) provide the Court with additional information and findings in respect of the Property;
 - (b) provide the Court with an evidentiary basis to make an Order:
 - (i) approving this Report and the activities of the Receiver as described in this Report;
 - (ii) authorizing, but not obligating, the Receiver to file an assignment in bankruptcy for the Debtor under the BIA;

- (iii) authorizing Deloitte to act as trustee in bankruptcy of the Debtor;
- (iv) authorizing the Receiver to transfer \$30,000 from the within receivership proceedings to Deloitte, in its capacity as proposed trustee in bankruptcy, to fund the administration of the proposed bankruptcy proceedings; and
- (v) Approving the Receiver's Interim Statement of Receipts and Disbursements for the period January 24, 2020 to February 10, 2020.

TERMS OF REFERENCE

11. In preparing this Report, the Receiver has been provided with, and has relied upon unaudited, draft and/or internal financial information, certain books and records, discussions with Ayaz, Estate Legal Counsel and Estate Tax Advisor, together with information from representatives of National Bank (collectively, the "**Information**") and Realtors (as defined in the First Report). Except as described in this Report:
 - (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants Canada Handbook, and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) the Receiver has prepared this Report in its capacity as a Court-appointed Receiver to support the Court's approval of the Receiver's activities and other relief being sought. Parties using the Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
12. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
13. Unless otherwise provided, all other capitalized terms not otherwise defined in this Report are as defined in the Appointment Order or the First Report.

UPDATE ON ESTATE INFORMATION

14. Paragraph 21 of the First Report makes reference to correspondence between the Receiver and Estate Legal Counsel in respect of outstanding information requested by detailed letters from the Receiver, and included Drake's reply by email January 22, 2020 advising the Receiver that: "*At the moment, I have no further information on the estate or its assets beyond what I supplied to you through Mr. Manis in response to your initial request. The estate trustee has not asked me to take any of the further steps usually taken in the administration of the estate so I cannot respond to your requests for information.*" The Receiver is not aware of any further steps taken in the administration of the Somani Estate as at the date of this Report.
15. The Estate Tax Advisor had previously estimated that tax returns could be filed in February or March 2020 subject to availability of information. The Receiver continues to follow up with MNP in this regard.
16. Copies of the Administrative Order and Claims Procedure Order were delivered to Estate Legal Counsel and Ayaz on January 31, 2020. By email dated February 3, 2020 (the "**February 3 Information Request Email**"), the Receiver reminded Ayaz of his obligations to produce certain information, within five days, pertaining to assets, debts, and potential creditors, as specified in Section 2 of the Administrative Order. The Receiver established a deadline of February 7, 2020 at 5:00 pm. As described more particularly later and referenced with appendices in this Report, the Receiver issued a follow up email on February 5, 2020 (the "**February 5 Email**"), which resulted in further email correspondence on February 7 and 9, 2020.
17. As at the date of this Report, Ayaz has yet to fully cooperate in a reasonable manner, nor has Ayaz provided precise particulars of the requested information.

UPDATE ON REAL PROPERTY

18. As set out in the First Report, 106 Angus Glen was the principal residence of Naseem who purchased it as a newly constructed luxury residential property in 2007.
19. Ayaz and his adult son are the occupants of 106 Angus Glen pursuant to an interim occupancy agreement with the Receiver (the "**Occupancy Agreement**") dated January 13, 2020, a copy of which was appended to the First Report. The Occupancy Agreement contemplates vacant possession by no later than February 15, 2020 or an earlier date upon a defined termination event (the "**Vacant Possession Date**"), and included a consent to a form of Order and Writ of Possession in the event that the Real Property is not vacated.

20. Paragraphs 38 to 42 of the First Report made reference to refinancing efforts by Ayaz. The Receiver's independent legal counsel, Borden Ladner Gervais LLP ("**BLG**"), made requests for clarification and details from Estate Legal Counsel in respect of its proposed plan to advance a refinancing solution. BLG did not receive any such details.
21. On January 31, 2020, Estate Legal Counsel advised that Ayaz was abandoning his refinancing efforts, and that Ayaz intends to honour the terms of the Occupancy Agreement.
22. Also on January 31, 2020, immediately following the issuance of the Administrative Order, the Receiver executed an exclusive listing agreement with Century 21 Leading Edge Realty Inc. o/a The Tar Team ("**Tar**") in the form appended to the First Report.
23. BLG is preparing an amended form of Agreement of Purchase and Sale based on the OREA template for use by Tar and prospective purchasers.
24. The Receiver continues to review quotes for vacant property insurance coverage with Roughly Insurance Brokers Ltd. ("**Roughly Insurance**"), the incumbent insurance broker, and also with an alternate insurance broker, and anticipates obtaining binding coverage effective on the Vacant Possession Date.
25. On February 5, 2020, Tar attended at 106 Angus Glen with its staging consultants and a contractor to commence planning for furniture and decorations to be installed for staging purposes, as well as any painting and modest repairs to be undertaken, immediately following the Vacant Possession Date.
26. Also on February 5, 2020, the Receiver made arrangements to retain Richmond Advisory Services (the "**Property Manager**"), a third-party property management firm, in preparation of the Vacant Possession Date. The Property Manager will, among other things, change the locks, winterize the premises, and establish a regular site inspection protocol in accordance with insurance policy requirements.
27. Estate Legal Counsel made an unexpected request for an extension of the Vacant Possession Date. The Receiver further consulted with Tar in connection with its marketing timeline, the upcoming spring market, and staging, painting, and cleaning considerations. The Receiver also took into account arrangements made with the Property Manager and insurance brokers. The Receiver was agreeable to a modest extension to 5:00PM on February 18, 2020 and communicated same to Estate Legal Counsel.

UPDATE ON THE NATIONAL BANK PROPERTY

Overview

28. The Receiver understands that the Somani Estate's wealth management accounts with National Bank were first opened in 2018, following a transfer of wealth management accounts with TD Private Investment Advice and Fidelity Investments.
29. Paragraph 44 of the First Report summarized disclosures made by Estate Legal Counsel in respect of the National Bank Property of approximately US \$2,962,536 and Cdn \$532,325 as at November 30, 2019. The largest single holding was 10,365 common shares of LabCorp (the "**LabCorp Shares**") with a market value as at November 30, 2019 of US \$1,785,786. The Receiver understands that the LabCorp Shares were derived from stock options earned by Naseem during her employment with Dynacare.
30. As set out in paragraph 47 of the First Report, the Receiver consulted with the Estate Tax Advisor and National Bank in respect of the disposition of the National Bank Property. As at the date of the First Report, the Receiver had collected \$1,792,636 from National Bank in respect of the collapsing and realization of cash and cash equivalents and Canadian equities.
31. On January 27, 2020, National Bank delivered \$2,731,297 to the Receiver in respect of the liquidation of U.S. equities held at National Bank, including all of the LabCorp Shares held at National Bank.

RRSP and TFSA Transfers to Ayaz

32. Reference is made to paragraph 48 of the First Report in respect of various RRSP and TFSA transfers from the Somani Estate to Ayaz on August 15, 2019 totaling approximately \$767,000 and \$65,000, respectively.
33. The Receiver has reviewed copies of National Bank "Request to Deliver Assets and/or Funds" forms (the "**Spousal Transfer Forms**") detailing the transfer of numerous investments from the Somani Estate to Ayaz. Those forms were dated May 30, 2019 and appear to be signed by Ayaz. The Receiver has made inquiries to National Bank as to the reason of the timing difference from the Spousal Transfer Forms and the date of processing approximately two and one-half months later.

34. The status of those assets and any proceeds from disposition continue to remain unknown to the Receiver. A summary schedule of the RRSP and TFSA transfers to Ayaz effected on August 15, 2019, together with the Spousal Transfer Forms are attached as **Appendix “E”**.

Bank Account No. #17031-00-101-08 held at National Bank

35. As set out in Paragraph 17 of the First Report, the Receiver has obtained a copy of Estate Information Return (the “**EAT**”) dated December 5, 2019 which was filed with the Ontario Ministry of Finance. The EAT discloses only two assets with the following corresponding fair market values: (i) real property of \$3.66 million, and (ii) a bank account held at National Bank with a balance of \$100,000 as at the Date of Death. No reasons or additional comments were provided by Ayaz in respect of the omission of other known assets including but not limited to the investments, RRSP’s, TFSA’s and other accounts held at National Bank. The Receiver understands that the Estate Trustee has not filed an updated EAT as at the date of this Report. A copy of the EAT is attached hereto as **Appendix “F”**.
36. Paragraph 49 of the First Report set out “*The EAT disclosed a National Bank bank account (#17031-00-101-08) (the “**NB Bank Account**”) holding \$100,000 as at the Date of Death. The Receiver has obtained and reviewed copies of bank statements for this account, and noticed several significant transfers and withdrawals were made in the months of June, September, October and November 2019, and is currently seeking supporting details in respect of those transactions. There is a balance of approximately \$1,000 in the NB Bank Account as of the date of this Report.*”
37. By email dated January 28, 2020, the Receiver wrote to the Estate Tax Advisor to provide it with available bank statements for the NB Bank Account for the period May 28, 2019 to November 1, 2019 (the “**NB Bank Account Statements**”) which set out a low volume of activity as set out in the table below. The Receiver requested assistance in compiling details for the following:
- (a) Deposits totaling \$579,154, some of which appear to relate to Naseem’s prior employment with Dynacare. It is uncertain if some or all of these amounts were net of applicable taxes (if any); and
 - (b) Withdrawals totaling \$578,065, no supporting details were available to the Receiver.

Date	Deposit (\$)	Withdrawal (\$)	Rolling Balance (\$)	Comment
28-May-19			-	
7-Jun-19		(44.35)	(44.35)	Fixed Monthly Fee
7-Jun-19		(0.03)	(44.38)	Overdraft Interest
12-Jun-19		(0.13)	(44.51)	Overdraft Interest
12-Jun-19		(20.83)	(65.34)	Fixed Monthly Fee
14-Jun-19	278,292.90		278,227.56	Payroll Deposit Dynacare
21-Jun-19	20.83		278,248.39	Fee Adjustment
21-Jun-19		(200,000.00)	78,248.39	Debit Transfer 16061
5-Jul-19		(0.04)	78,248.35	Overdraft Interest
15-Jul-19	10,117.00		88,365.35	Payroll Deposit Dynacare
27-Sep-19	290,723.76		379,089.11	Deposit 03791
30-Sep-19		(275,000.00)	104,089.11	Debit Transfer
28-Oct-19		(75,000.00)	29,089.11	Withdrawal 03791
1-Nov-19		(28,000.00)	1,089.11	Debit Transfers 16061
	579,154.49	(578,065.38)		

38. On January 29, 2020, the Receiver also notified Estate Legal Counsel of the above transactions and provided relevant enclosures, including the NB Bank Account Statements and the Estate Information Return. Estate Legal Counsel responded on January 30, 2020 (the “**Manis January 30 Email**”) as follows: “*Ayaz is working with MNP to respond to your queries and this will be done as soon as possible. I can also advise that Ayaz and I spoke with National Bank yesterday to seek all of the pertinent records in order to fulfill your request. For what it is worth and without having seen any of the documents, I am advised that all or substantially all of the funds ended up in AVG which are now unfortunately uncollectible.*”
39. As at the date of this Report, Ayaz has not provided any supporting documentation in respect of the three large deposits and four large withdrawals set out above. The Estate Tax Advisor has informed the Receiver that it will assist Ayaz in preparing a response once Ayaz has compiled details.
40. Copies of the NB Bank Account Statements and the Manis January 30 Email are attached hereto as **Appendices “G” and “H”**, respectively.

Intake Disclosures made to National Bank

41. Since the date of the First Report, the Receiver obtained the following documents from National Bank:
- (a) a form of intake disclosure which Naseem had completed and signed on May 28, 2018 (the “**Naseem May 2018 Disclosure**”);

- (b) a copy of Fidelity Investments stock plan services report for the period October 1, 2017 to December 31, 2017 (the “**Fidelity Stock Plan Report**”);
 - (c) a copy of LabCorp statement in respect of a September 25, 2018 trade date and certain stock option activity (the “**LabCorp Statement**”); and
 - (d) copies of certain TD wealth management account statements (the “**TD Statements**”) with respect to investments which we understand were transferred to National Bank.
42. As a follow up email to the February 3 Information Request Email, the Receiver issued the February 5 Email to provide Ayaz with the above disclosures and made requests in respect of:
- (a) The Naseem May 2018 Disclosure which sets out cash and investments totalling a sum significantly higher than what was transferred to National Bank, potential real property and rental property in addition to 106 Angus Glen, and the status of a personal loan or credit card in the name of Naseem;
 - (b) A further request for a list of all accounts held at any financial institution in the name of Naseem (or her estate), either solely or jointly;
 - (c) Queries in respect of the LabCorp Shares which sum appears to exceed the balance transferred to National Bank; and
 - (d) Details in respect of any Registered Education Savings Plans (“**RESP**”) which were potentially not collapsed.
43. The Receiver also requested that Ayaz provide the above information to the Estate Tax Advisor for its tax return preparation purposes.
44. A copy of the February 5 Email, together with the Naseem May 2018 Disclosure, Fidelity Stock Plan Report, and LabCorp Statement, but excluding the TD Statements, is attached hereto as **Appendix “I”**.
45. As at the date of this Report, the Receiver has not received responses from Ayaz or Estate Legal Counsel to the questions set out in the February 5 Email, including an accounting of the LabCorp Shares and whether there are any further LabCorp shares or related compensation and unvested stock options.
46. By email dated Friday, February 7, 2020 at 5:03p.m. (the “**Manis February 7 Email**”), Manis replied to the February 3 Information Request Email and disclosed the names of certain corporate entities which appear to be related to and/or controlled by Ayaz, and advised that “...*they are all reasonably of no liquid value*”. The Manis February 7 Email did not include any particulars, such

as figures, financial statements, documents, balances, account numbers, tax returns, transaction history, etc. The Receiver replied to Manis on February 9, 2020 (the “**February 9 Email**”) which is attached hereto as **Appendix “J”**.

Other National Bank Inquiries

47. The Receiver will continue to seek additional information from National Bank concerning the Somani Estate and other potential accounts of the Somani Estate, and is working with its internal legal counsel in this regard.
48. Reference is made to paragraph 50 of the First Report in respect of another National Bank account statement, which appears to possibly be held jointly with other family members for a line of credit of approximately \$408,000, as at December 30, 2019. National Bank legal counsel is working to compile information in this regard.

RBC ESTATE ACCOUNT TRANSACTIONS

49. RBC has notified the Receiver of certain transfers initiated by Ayaz in respect of RBC bank accounts held in the name of Naseem as follows:
 - (a) On October 25, 2019, Ayaz requested that RBC Private Banking direct to Ayaz personally the amount of \$400,000 from accounts held in the name Naseem;
 - (b) On October 30, 2019, Ayaz amended his request to have the bank draft made payable to the law firm “Macdonald, Sager, Manis LLP In Trust”;
 - (c) On November 1, 2019, the amount of US \$304,321.36 held in Naseem’s RBC U.S. Personal Private Banking bank account No. 03426-4513131 (the “**Naseem RBC USD Bank Account**”) labelled “Royal Foreign Exchange Withdrawal – Ref 00032358353” was transferred to Naseem’s RBC CAD savings bank account No. 06052-5038583 (the “**Naseem RBC CAD Bank Account**”), which translated to Cdn \$400,000; and
 - (d) Also on November 1, 2019, a “Debit Memo” withdrawal in the amount of \$400,000 was made from the Naseem RBC CAD Bank Account to Macdonald Sager Manis LLP.
50. The above transactions resulted in ending balances on November 1, 2019 for the Naseem RBC USD Bank Account and Naseem RBC CAD Bank Account of US \$17,419 and nil, respectively. Copies of the corresponding bank statements are attached hereto as **Appendix “K”**.

51. The Receiver understands that \$400,000 was subsequently released from the trust account of Manis pursuant to the direction of Ayaz. The Receiver does not have information in respect of the status of those funds nor the names of the recipient(s).

UPDATE ON THE CLAIMS PROCEDURE

52. Further to paragraph 52 of the First Report, the Receiver is not currently able to determine the nature and quantum of the totality of claims that creditors may have as against the Somani Estate, including claims as at August 30, 2019. The Receiver will implement the Claims Procedure to assist in the identification and quantification of the claims of the creditors against the Somani Estate.
53. In accordance with the Claims Procedure Order, the Receiver has made arrangements to publish a Notice to General Creditor Claimants in The Globe and Mail (National Edition) on February 10, 2020 describing the Claims Procedure and advising of the General Creditor Claims Bar Date (as defined in the Claims Procedure Order), and will publish a second advertisement in the following week.
54. In accordance with the Claims Procedure Order, the Receiver will cause a “General Creditor Claims Package” to be sent to each party that appears on the Service List, or which has requested a General Creditor Claims Package, and to the last known address recorded in the records of the Debtor of any Person whom the Debtor has, at the date of the Claims Procedure Order, advised the Receiver is a Person who might assert a claim against the Debtor.
55. The Receiver will provide a further update to the Court and stakeholders in due course.

ASSIGNMENT FOR THE GENERAL BENEFIT OF THE CREDITORS OF THE ESTATE OF NASEEM SOMANI

56. Based upon the proceeds of realization obtained by the Receiver to date and anticipated future realizations upon the Property, the Receiver has concluded that the proceeds of the Property will not be sufficient to satisfy the secured and unsecured claims against the Debtor.
57. Attached as **Appendix “L”** is a Statement of Financial Position of the Somani Estate as prepared by the Receiver which sets out a deficiency to creditors of approximately \$814,261 before accounting for additional deductions, including, but not limited to:
 - (a) Income taxes owing to Canada Revenue Agency;
 - (b) Other Estate taxes and liabilities;

- (c) Ongoing and future protective disbursements, carrying costs and other marketing costs in respect of 106 Angus Glen; and
 - (d) Professional fees and other Court Ordered charges.
- 58. Since the date of the Appointment Order, the Receiver and BLG have made requests of Ayaz and Estate Legal Counsel for financial information with respect to the Somani Estate, including several material transactions made out of the ordinary course and without notice to RBC. The Receiver has received only limited cooperation and explanations to date have been insufficient. As set out in the February 9 Email, the Receiver has still been unable to obtain satisfactory information on the assets and liabilities of the Somani Estate. Moreover, after nearly two months since the date of the Appointment Order, it is the Receiver's view that Ayaz has not fully cooperated with requests for information.
- 59. The Receiver seeks the Court's authorization and direction to file, on behalf of the Debtor, an assignment in bankruptcy pursuant to the BIA to facilitate, among other things, the following:
 - (a) an investigation to be made of the affairs of the Debtor, including a possible examination of Ayaz and any person reasonably thought to have knowledge of the affairs of the Debtor;
 - (b) compelling the delivery of information critical to the administration of the Somani Estate; and
 - (c) the remedies in respect of the setting aside of preferences and other transactions, so that all ordinary creditors may share equally in the value realized through the administration of the Somani Estate's assets, subject to the priorities of preferred creditors and the rights of the secured creditors.
- 60. The Receiver is of the view that there are a number of unusual transactions that should be investigated further. Accordingly, the Receiver is of the view that it would be advantageous to assign the Debtor into bankruptcy for the purpose of permitting the trustee in bankruptcy to efficiently exercise its statutory investigatory and recovery rights pursuant to the BIA, and to administer the Somani Estate in a more efficient and orderly manner.
- 61. In addition, a bankruptcy will provide a ready-made process for the distribution to unsecured creditors, should such distributions be available.
- 62. Deloitte is prepared to act as the bankruptcy trustee of the Somani Estate, if such an assignment is permitted by the Court.

63. The Receiver also proposes that it be authorized to transfer \$30,000 to Deloitte, in its capacity as proposed trustee in bankruptcy, to fund the administration of the proposed bankruptcy of the Somani Estate.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

64. Attached as **Appendix “M”** is a cumulative Statement of Receipts and Disbursements for the period December 13, 2019 to February 10, 2020, together with interim activity for the period January 24, 2020 to February 10, 2020. As at February 7, 2020, the closing cash balance was approximately \$4,534,113, which includes receipt of \$2,731,297 on January 27, 2020 in respect of the liquidation of U.S. equities held at National Bank.

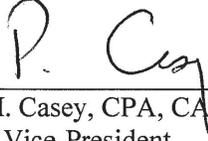
RECEIVER’S RECOMMENDATIONS

65. For the reasons set out above, the Receiver recommends that the Court make an Order:
- (a) approving this Report and the activities of the Receiver as described herein;
 - (b) authorizing but not obligating the Receiver to file an assignment in bankruptcy for the Somani Estate under the BIA;
 - (c) authorizing Deloitte to act as trustee in bankruptcy of the Somani Estate;
 - (d) authorizing the Receiver to transfer \$30,000 from the within receivership proceedings to Deloitte, in its capacity as proposed trustee in bankruptcy, to fund the administration of the proposed bankruptcy proceedings; and
 - (e) Approving the Receiver’s Statement of Receipts and Disbursements for the period January 24, 2020 to February 10, 2020.

All of which is respectfully submitted at Toronto, Ontario this 11th day of February, 2020.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the
Court-appointed receiver of
certain assets and property of the
Estate of Naseem Somani,
and not in its personal or corporate capacity

Per:



Paul M. Casey, CPA, CA, FCIRP, LIT
Senior Vice-President



Stefano Damiani, CPA, CA, CIRP, LIT
Vice-President

ROYAL BANK OF CANADA

-and- AYAZ SOMANI IN HIS CAPACITY AS EXECUTOR OF THE ESTATE OF NASEEM SOMANI

Applicant

Respondent

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

PROCEEDING COMMENCED AT
TORONTO

**SECOND REPORT OF THE RECEIVER, DELOITTE
RESTRUCTURING INC.**

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