

District of Ontario  
Division No.: 09 – Toronto  
Court No.: 31-2644320  
Estate No.: 31-2644320

**IN THE MATTER OF THE BANKRUPTCY OF  
ESTATE OF NASEEM SOMANI (DECEASED),  
LATE OF THE CITY OF MARKHAM  
IN THE PROVINCE OF ONTARIO**

**TRUSTEE’S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION**

*The Bankruptcy and Insolvency Act (the “BIA”) provides for a first meeting of creditors. The purpose of this Report is to provide information to the creditors of the Debtor for consideration at the first meeting of creditors.*

## **SECTION A: BACKGROUND**

---

### *Overview*

The Estate of Naseem Somani (the “**Somani Estate**” or the “**Debtor**”) 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 survived by Ayaz and their two adult children.

Ayaz has retained the following professionals to assist in his administering of the Somani Estate:

- 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
- Stella Gasparro of MNP LLP (“**MNP**” or the “**Estate Tax Advisor**”) provides estate tax services to Ayaz as estate trustee and executor.

### *Causes of Insolvency*

The Somani Estate is indebted to the Royal Bank of Canada (“**RBC**” or the “**Bank**”) in excess of \$8.0 million pursuant to a mortgage on the Real Property (as hereinafter defined) and as a guarantor of credit facilities granted by RBC (the “**RBC Indebtedness**”) to AVG (OEAM) Inc. (“**AVG**”), a related entity and privately-owned Ontario corporation headquartered in Toronto, Ontario controlled by Ayaz and another principal.

### *Receivership Proceeding*

Pursuant to an Order (the "**Appointment Order**") of the Ontario Superior Court of Justice (the "**Court**") dated December 13, 2019, Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver (the "**Receiver**") of: (i) all of the present and after acquired personal property of the Somani Estate 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**").

The Receiver has issued three reports to the Court (collectively, the "**Receiver's Reports**") which are attached hereto, as follows:

- **Appendix "A"** – First report of the Receiver dated January 27, 2020 (the "**Receiver's First Report**")
- **Appendix "B"** – Second report of the Receiver dated February 11, 2020 (the "**Receiver's Second Report**")
- **Appendix "C"** – Third report of the Receiver dated May 20, 2020 (the "**Receiver's Third Report**")

Copies of the full Receiver's Reports with appendices will be made available on the Trustee's website described below.

### *Bankruptcy Assignment*

On March 19, 2020, the Court issued an Order (the "**Authorization Order**"): (i) authorizing but not obligating the Receiver to file an assignment into bankruptcy on behalf of the Somani Estate; (ii) authorizing Deloitte to act as trustee of the bankrupt Somani Estate; and (iii) authorizing the Receiver to transfer \$30,000 to Deloitte in its capacity as proposed trustee in bankruptcy to fund the administration of the proposed bankruptcy.

On May 11, 2020, the Receiver assigned the Debtor into bankruptcy, and Deloitte was appointed Trustee of the bankrupt estate of the Debtor.

For further information and copies of documents with respect to the bankruptcy administration of the Estate of Naseem Somani, please refer to the Trustee's website at: [www.insolvencies.deloitte.ca/en-ca/Somani](http://www.insolvencies.deloitte.ca/en-ca/Somani).

### *Other Insolvency Proceedings*

AVG was placed into receivership pursuant to an Order of the Court dated February 21, 2020 and bankrupted on March 6, 2020, BDO Canada Limited is acting as the trustee and receiver of AVG.

Further, also on March 6, 2020 Ayaz was personally bankrupted and Harris & Partners Inc. is acting as the trustee of that bankruptcy estate.



### *Securities*

The Receiver has liquidated the portfolio held at National Bank which is subject to its control, and will make further inquiries to National Bank with respect to potential other accounts which may be subject to the Bank's security.

The Receiver had made inquiries to Ayaz and Estate Legal Counsel with respect to shares and other interests with respect to private companies owned or related to Naseem. As set out in paragraph 46 of the Receiver's Second Report, Estate Legal Counsel had replied to the Receiver's request for information 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", but did not include any particulars, such as financial statements, documents, balances, account numbers, tax returns, or transaction histories.

As disclosed in paragraph 42 of the Receiver's Second Report, the Receiver has made inquiries with respect to Registered Education Savings Plans (RESP) which were potentially not collapsed.

### *Real Property – 106 Angus Glen*

Naseem owned and maintained her primary residence at 106 Angus Glen, which is subject to a mortgage and other security registrations in favour of the Bank as described below. As set out in paragraphs 22 to 34 of the Receiver's Third Report, a qualified realtor was retained to market 106 Angus Glen which culminated in a signed agreement of purchase and sale which is anticipated to close in July 2020, and is subject to Court approval. The purchase price is confidential and the Receiver is seeking a Sealing Order of the Court until the closing of the transaction.

### *Secured Creditors*

Prior to the assignment in bankruptcy, the Receiver had retained Borden Ladner Gervais LLP ("**BLG**") as its independent legal counsel to, among other things, review the validity and enforceability of the following loan and security documents (the "**Security Review**"):

- RBC Homeline Plan Agreement dated January 17, 2012 in the amount of \$2,260,000 between RBC and Naseem (the "**Loan Agreement**");
- Acknowledgement and Direction dated January 21, 2012 executed by Naseem with respect to a charge/mortgage in favour of RBC in the principal amount of \$2,260,000 over the Real Property (the "**Mortgage**");
- Guarantee and Postponement of Claim in respect of AVG dated September 18, 2019 granted by Ayaz, in his capacity as executor of the Somani Estate, limited to the principal amount of \$5,875,000 in favour of RBC (the "**Guarantee**");
- Security Agreement dated September 25, 2019 granted by Ayaz, in his capacity as executor of the Somani Estate, in respect of the National Bank Property in favour of RBC (the "**Security Agreement**"); and

- Acknowledgement and Direction dated September 18, 2019 executed by Ayaz Somani, in his capacity as executor of the Somani Estate, with respect to a Collateral Charge in favour of RBC in the principal amount of \$5,875,000 over the Real Property (the “**Collateral Charge**”).

The Security Review concludes that, among other things:

- The Mortgage creates a valid security interest in favour of RBC in the property of Naseem Somani described in the Mortgage, and such security interests have been properly perfected by registration at the applicable Land Registry Office; and
- Each of the Security Agreement and Collateral Mortgage creates a valid security interest in favour of RBC in the property of Ayaz, in his capacity as executor of the Somani Estate, described in the Security Agreement and Mortgage (as applicable), and such security interests have been properly perfected by registration under the *Personal Property Security Act* (Ontario) and at the applicable Land Registry Office, as applicable.

The Receiver anticipates that the net proceeds from all realizations, including 106 Angus Glen which is anticipated to close in July 2020, will result in a shortfall of the secured indebtedness owing to RBC and other secured claims against the estate, with the result that there will be no funds available for distribution to the unsecured creditors of the estate.

The Receiver has learned that Naseem and certain family members jointly held a Line of Credit account at National Bank which is secured against residential real property located in Toronto. That Line of Credit had a balance of \$407,685 as at January 30, 2020. The Trustee understands that this property is titled to and occupied by the elderly parents of Ayaz. The Trustee intends to make inquiries with respect to that property to determine any interest which may accrue to the Somani Estate.

### **SECTION C: BOOKS AND RECORDS**

---

The Trustee, via the Receiver, has access to certain books and records of the Debtor.

As described more particularly in the Receiver's Reports, the Receiver made written requests to Ayaz, Estate Legal Counsel. and the Estate Tax Advisor for additional information. Ayaz has primarily been non-responsive and did not cooperate with such requests. The Estate Tax Advisor advised the Receiver that it has been making requests to Ayaz for information with a view to filing outstanding estate tax returns.

### **SECTION D: CONSERVATORY AND PROTECTIVE MEASURES**

---

On the date of the Appointment Order, the Receiver notified National Bank of its appointment and took appropriate measures to conserve and protect the National Bank Property, which has since been liquidated by the Receiver.

The Receiver had entered into an interim occupancy arrangement with Ayaz with respect to 106 Angus Glen. The Receiver arranged for vacant insurance coverage and retained a third party property manager effective the vacant possession date of February 18, 2020. As set out above, 106 Angus Glen is subject to a sale agreement which is anticipated to close in July 2020 (subject to Court approval).

There are no assets in the possession and control of the Trustee.

## **SECTION E: PROVABLE CLAIMS AND DESCRIPTION OF CREDITORS**

---

Paragraphs 38 to 44 of the Receiver's Third Report summarize the Receiver's activities pursuant to a Claims Procedure Order of the Court dated January 31, 2020, which established a Claims Bar Date of March 31, 2020. The Receiver mailed a claims package to known and potential creditors on February 11, 2020, and caused the publication of a notice to creditors in The Globe and Mail (National Edition) on February 10, 2020 and February 18, 2020. RBC was the only creditor who had filed a claim (the "**RBC Claim**") with the Receiver pursuant to the Claims Procedure Order. The RBC Claim set out indebtedness totaling \$8,034,954 as at December 13, 2019, comprised of \$2,074,366 for the Mortgage and \$5,960,589 with respect to Guarantee and Collateral Mortgage.

On May 25, 2020, RBC filed a proof of claim in the bankrupt Somani Estate setting out total indebtedness of \$8,428,458.71 as at May 11, 2020. Of that amount, RBC has assessed a secured claim value of \$7,900,000 and \$528,458.81 as its unsecured claim.

No other proofs of claim have been filed with the Receiver or Trustee as at the date of this report.

## **SECTION F: LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS**

---

The Receiver's Second Report set out certain transactions that may constitute potential preferences and transactions at undervalue pursuant to the provisions of the BIA, as follows:

- RRSP and TFSA transfers from the Somani Estate to Ayaz on August 15, 2019 totaling approximately \$767,000 and \$65,000, respectively (refer to paragraphs 32 to 34).
- Withdrawals totaling \$578,065 made from Naseem's bank account No. #17031-00-101-08 held at National Bank, and which were initiated by Ayaz (refer to paragraphs 35 to 40). As set out in paragraph 38 of the Receiver's Second Report, Estate Legal Counsel had advised the Receiver that "*...all or substantially all of the funds ended up in AVG which are now unfortunately uncollectible.*"
- Transfers of \$400,000 initiated by Ayaz in respect of RBC bank accounts held in the name of Naseem (refer to paragraphs 49 to 51).

The Trustee is not aware of any ongoing litigation or Statements of Claim in respect of the Debtor at the date of the Appointment Order.

## **SECTION G: DETAILS OF THIRD PARTY DEPOSITS OR GUARANTEES**

---

There are no assets in the bankruptcy estate to fund any claims, fees and costs of administration. In accordance with the Authorization Order, the Receiver transferred \$30,000 from the receivership trust account to the trust account for the bankrupt Somani Estate to fund the bankruptcy administration.

**SECTION H: TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS**

---

As noted above, Deloitte acts as the Court-appointed Receiver of certain assets and property of the Debtor and will continue to do so for the purpose of making distributions and seeking its discharge upon completing the receivership administration. As Court-appointed Receiver, Deloitte acts as an officer of the Court and does not act as an agent for any secured creditor.

**SECTION I: PROJECTED DISTRIBUTION AND TRUSTEE'S COMMENTS ON ANTICIPATED ASSET REALIZATIONS**

---

As noted above, the Trustee advises that after the claims of the secured creditors, there will be no assets available for distribution to unsecured creditors.

DATED AT TORONTO, Ontario this 25<sup>th</sup> day of May, 2020.

**DELOITTE RESTRUCTURING INC.**

in its capacity as Trustee of  
the Bankrupt Estate of Naseem Somani (Deceased),  
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

# APPENDIX “A”

***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

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.,  
IN ITS CAPACITY AS RECEIVER  
DATED JANUARY 27, 2020**

## TABLE OF CONTENTS

INTRODUCTION .....	- 4 -
TERMS OF REFERENCE .....	- 5 -
BACKGROUND .....	- 6 -
RECEIVER'S ACTIVITIES .....	- 8 -
ESTATE INFORMATION.....	- 9 -
REAL PROPERTY.....	- 9 -
NATIONAL BANK PROPERTY .....	- 13 -
THE RECEIVER'S PROPOSED CLAIMS PROCEDURE .....	- 15 -
STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	- 17 -
RECEIVER'S RECOMMENDATIONS.....	- 17 -

## APPENDICES

<b>APPENDIX</b>	<b>DESCRIPTION</b>
<b>A</b>	Appointment Order dated December 13, 2019 and Endorsement of Justice Pattillo dated December 13, 2019
<b>B</b>	Occupancy Agreement dated January 13, 2020 re 106 Angus Glen Blvd., Markham, Ontario
<b>C</b>	Form of Listing Agreement as negotiated between the Realtor and the Receiver
<b>D</b>	Email Correspondence dated January 23, 2020 between Macdonald Sager Manis LLP and Borden Ladner Gervais LLP
<b>E</b>	Receiver's Form of Proposed Claims Procedure Order
<b>F</b>	Statement of Receipts and Disbursements for the period December 13, 2019 to January 23, 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. As described more particularly in this report, the Somani Estate is indebted to RBC pursuant to a mortgage on the Real Property and as a guarantor of a related entity’s credit facilities granted by RBC (the “**RBC Indebtedness**”).
3. 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”**.
4. 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.
5. The purpose of this first report of the Receiver (“**Report**”) is to:
  - (a) provide the Court with additional information in respect of the Property;
  - (b) provide the Court with an evidentiary basis to make an Order or Orders:
    - (i) approving this Report and the activities of the Receiver, including steps taken in dealing with the Property, as described in this Report;
    - (ii) requiring Ayaz Somani to provide to the Receiver within five (5) days of the date of the Order, a list of all persons whom Ayaz Somani has reason to 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;

- (iii) a further Order approving the 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; and
- (iv) Approving the Receiver’s Statement of Receipts and Disbursements for the period December 13, 2019 to January 23, 2020.

#### **TERMS OF REFERENCE**

6. 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 the Executor, Estate Legal Counsel and Estate Tax Advisor (all as defined below), together with information from representatives of National Bank and Realtors (as defined below) (collectively, the “**Information**”). 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.
7. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
8. Unless otherwise provided, all other capitalized terms not otherwise defined in this Report are as defined in the Appointment Order.

## BACKGROUND

### *Overview*

9. 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.
10. 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.
11. Ayaz, together with Karim Suleman (“**Suleman**”), are the sole directors of and officers of AVG (OEAM) Inc. (“**AVG**”), a privately-owned Ontario corporation headquartered in Toronto. AVG is directly indebted to RBC in connection with certain credit facilities (the “**Credit Facilities**”) made available by RBC to AVG pursuant to and under the terms of a loan agreement dated September 13, 2017 (as subsequently amended, replaced, restated or supplemented from time to time, including by the amendments dated February 14, 2018 and June 22, 2018, the “**Credit Agreement**”). As security for AVG’s obligations to RBC, including, without limitation, AVG’s obligations under the Credit Agreement, the Somani Estate provided security in favour of RBC, including, without limitation:
  - (a) A Guarantee and Postponement of Claim of the obligations of AVG dated September 18, 2019, in the limited principal amount of \$5,875,000, in favour of RBC (the “**Guarantee**”);
  - (b) A security agreement dated September 25, 2019 (the “**Security Agreement**”), which granted the Applicant a security interest in the National Bank Property and all proceeds thereof; and
  - (c) A collateral charge/mortgage in favour of the Applicant, in the principal amount of \$5,875,000, registered on title to the Real Property on September 19, 2019 (the “**Charge**”). This is in addition to a prior mortgage registered on 106 Angus Glen by RBC.
12. The Receiver understands that the Somani Estate is 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;
- (b) 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
- (c) Stella Gasparro of MNP LLP (“**MNP**” or the “**Estate Tax Advisor**”) provides estate tax services to Ayaz as estate trustee.

### *Assets and Creditors*

- 13. Acquired as a newly constructed home in 2007, 106 Angus Glen is a luxury residential property totaling approximately 5,352 square feet plus a finished basement, and backing onto Angus Glen Golf Club. We understand from Ayaz that 106 Angus Glen was the principal residence of Naseem and the Somani family home. As at the date of the Appointment Order, Ayaz and his adult son were the occupants of 106 Angus Glen.
- 14. As at the date of the Appointment Order, the National Bank Property consists of cash, cash equivalents, equities and mutual funds held in Canadian and US currencies.
- 15. The Receiver has not been provided with a list of creditors of the Somani Estate.
- 16. The Receiver issued a Notice and Statement of Receiver (defined below) disclosing RBC and certain parties, which the Receiver deemed as potential creditors.
- 17. As described later in this 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.
- 18. The EAT does not disclose additional assets and accounts held at National Bank, including investments, RRSPs, TFSAs at the Date of Death, nor does it disclose other accounts potentially held at other financial institutions. No reasons and additional comments were provided by the Estate Trustee in this regard.

## RECEIVER'S ACTIVITIES

19. The Receiver has undertaken the following activities in accordance with the terms of the Appointment Order:
- (a) Caused the Appointment Order to be registered on title in respect of 106 Angus Glen;
  - (b) Provided notice of the Receiver's appointment to Roughly Insurance Brokers Ltd. ("**Roughly Insurance**") to confirm and renew insurance coverage for 106 Angus Glen;
  - (c) Made requests to Ayaz, Estate Legal Counsel and the Estate Tax Advisor in respect of assets, creditors, tax and other information in connection with the Somani Estate;
  - (d) Attended at 106 Angus Glen to meet with Ayaz and facilitate site tours and initial consultations with six (6) real estate brokerages (each a "**Realtor**", and together "**Realtors**"), obtained Listing Proposals, and has negotiated terms of a Listing Agreement acceptable to the successful realtor and the Receiver, as described in greater detail later in this Report;
  - (e) Entered into the Occupancy Agreement (as defined below) with Ayaz and his adult son for interim occupancy of 106 Angus Glen;
  - (f) Issued a receivership notification letter to National Bank, corresponded with its internal legal department and the respective wealth management advisor, obtained access and login credentials to the Somani Estate's online platform with National Bank, consulted with National Bank and the Estate Tax Advisor in respect of a disposition strategy of the National Bank Property, provided trading instructions and requested proceeds be directed to the Receiver;
  - (g) Opened a new bank trust account in the name of the Receiver;
  - (h) Issued its statutory Notice and Statement of Receiver (the "**Notice to Creditors**") pursuant to subsections 245(1) and 246(2) of the BIA, which reflected the limited information available to the Receiver. In addition to RBC, the Notice to Creditors was also mailed to potential creditors out of caution, including Canada Revenue Agency ("**CRA**"), the City of Markham and known utility service providers;
  - (i) Retained Borden Ladner Gervais LLP ("**BLG**") as its independent legal counsel; and
  - (j) Addressed various additional matters as they arose from time to time.

## ESTATE INFORMATION

20. The Receiver has made numerous requests to Ayaz and Estate Legal Counsel for information in respect of the Somani Estate. As at the date of this Report, the Receiver is not in possession of a list of creditors, assets and other sufficient information to allow for an assessment of whether the estimated net proceeds from the realization of the Property are sufficient to satisfy the obligations to RBC.
21. On December 18, 2019, the Receiver wrote to Estate Legal Counsel setting out an information request listing. By responding letter dated December 19, 2019, Estate Legal Counsel advised that it was not in possession of much of the requested information. On January 15, 2020, the Receiver issued a follow up request in writing to Estate Legal Counsel in connection with a large volume of information, which remains outstanding following an initial response from Estate Legal Counsel on December 19, 2019. On January 22, 2020, Drake advised 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.”*
22. The Estate Tax Advisor has advised the Receiver that it continues to compile historical tax information and transaction details from Naseem’s former personal tax accountant and Ayaz. In addition, the Estate Tax Advisor advised that it is also seeking an accounting of Naseem’s stock options from Dynacare finance personnel and corresponding realization activity. The Estate Tax Advisor anticipates that outstanding tax returns for the Somani Estate will not be filed until at least late February 2020 or March 2020 subject to availability of information. The Estate Tax Advisor undertook to continue providing additional tax information to the Receiver in due course.
23. The Receiver understands that the Estate Trustee has not filed an updated EAT as at the date of this Report.

## REAL PROPERTY

### *Overview*

24. As set out earlier in this Report, 106 Angus Glen is currently occupied by Ayaz and his adult son.

25. Immediately following the Appointment Order, the Receiver made requests for information in respect of the Real Property and notified Ayaz and Manis of its intention to schedule Realtor site visits.
26. Subsequently, the Receiver obtained copies of certain insurance, property tax and utility documentation, and Ayaz agreed to provide access to 106 Angus Glen to the Receiver and Realtors on January 8, 2020 from 10:00 a.m. to 12:00 p.m.

### ***Occupancy Agreement***

27. On January 13, 2020, Ayaz, his adult son, and the Receiver executed an interim occupancy agreement (the “**Occupancy Agreement**”) in respect of 106 Angus Glen. A copy of the Occupancy Agreement (with the name of the adult son of Ayaz redacted), is attached hereto as **Appendix “B”**. The Occupancy Agreement contemplates, among other things, the following:
  - (a) continued payment of property taxes and utility, insurance, cleaning, maintenance and other costs by the occupants in the ordinary course, including providing a security deposit in the amount of \$10,000 (the “**Occupancy Security Deposit**”);
  - (b) vacant possession by no later than February 15, 2020 or earlier date (the “**Vacant Possession Date**”) upon a Termination Event (as defined in the Occupancy Agreement), including the consent to a form of Order and Writ of Possession in the event that the Real Property is not vacated in accordance with the Occupancy Agreement; and
  - (c) cooperation in respect of the Receiver’s marketing efforts, including, among other things, reasonable access by Realtors (including staging consultants), a home inspection services provider and a property manager.
28. Subsequently, the Occupancy Security Deposit was delivered to the Receiver and Roughly Insurance had confirmed payment of the insurance premium for the renewal period effective January 16, 2020.

### ***Realtor Consultations, Listing Proposals and Selection***

29. On January 8, 2020, the Receiver also obtained initial feedback from Realtors at the site visit, and followed up with a scope for a Listing Proposal with a January 10, 2020 deadline.

30. On January 10, 2020, all six Realtors submitted Listing Proposals to the Receiver. Following a detailed examination of the Listing Proposals, the Receiver shortlisted four (4) Realtors.
31. During the week of January 13, 2020, the Receiver sought clarification from the Realtors in connection with their respective Listing Proposals, and to apprise them of the pending vacant possession and any implications with respect to the respective marketing timelines and approaches.
32. On January 20, 2020, the Receiver selected Century 21 Leading Edge Realty Inc. o/a The Tar Team (“**Tar**”) as the realtor for the marketing of 106 Angus Glen. Tar is a specialist in the area of Markham, Unionville, and Stouffville, with particular depth in the luxury home segment and is experienced in estate sales. The Receiver amended the Ontario Real Estate Association (“**OREA**”) standard form of exclusive listing agreement and negotiated terms acceptable to both Tar and the Receiver (the “**Listing Agreement**”), a copy of which is attached hereto as **Appendix “C”**. On January 25, 2020, the Receiver obtained a copy of the Listing Agreement, as executed by Tar.

### ***Marketing Timeline***

33. The Receiver is of the view that 106 Angus Glen should be marketed immediately following the Vacant Possession Date. The Receiver has consulted with Tar in respect of its estimated marketing period sufficient to expose the home and an appropriate listing price, and taking into consideration other luxury homes, which are currently for sale in the immediate and neighbouring areas.
34. In advance of the Vacant Possession Date, the Receiver intends to prepare for the marketing of 106 Angus Glen, including, among other things:
  - (a) Arranging a meeting between Tar and its staging consultant at 106 Angus Glen to commence planning for furniture and decorations to be installed for staging purposes immediately following the Vacant Possession Date, and to determine the need for modest repairs and painting to be undertaken, if necessary, prior to or concurrently with staging;
  - (b) Commissioning an independent home inspection report in respect of 106 Angus Glen;
  - (c) Reviewing Tar’s draft mailing plan for the upcoming marketing launch, together with drafts of proposed marketing materials and flyers, including advertisements in relevant online and print publications;

- (d) Drafting an amended form of Agreement of Purchase and Sale based on the OREA template for use by prospective purchasers, and which reflects terms and conditions applicable to this Court-supervised receivership sale;
  - (e) Confirming with Tar its intended dates for open houses and other targeted showings, as necessary;
  - (f) Establish an ongoing reporting protocol in respect of Tar's marketing activities and other observations;
  - (g) Review insurance options with a qualified insurance broker in respect of any necessary changes to insurance coverage upon vacant possession;
  - (h) Considering the engagement of a third-party property manager;
  - (i) Confirming the Occupants' timing for moving from the premises; and
  - (j) Retaining a locksmith to change the locks immediately after the Vacant Possession Date, and other security measures.
35. The sale will be on an "as is, where is" basis, and the prospective purchaser will be solely responsible for inspecting 106 Angus Glen and satisfying itself as to title. The Receiver will not provide any representations or warranties with respect to title, condition, description, fitness, quality, quantity or any other matter or thing in respect of 106 Angus Glen.
36. In the event of multiple offers received on one date, the highest or best offer may not necessarily be accepted by the Receiver. The Receiver reserves its right not to accept any offer or to vary the terms of or terminate the marketing of 106 Angus Glen. The Receiver reserves the right to deal with one or more offerors to the exclusion of others.
37. The Receiver's independent legal counsel will prepare any required closing documentation.

***Ayaz Potential Refinancing Communications***

38. Representations of potential refinancing efforts have been made to the Receiver by Ayaz since December 2019. During the Receiver's meeting with Ayaz on January 8, 2020, the Receiver advised Ayaz that time is of the essence and that the Receiver intends to market and sell 106 Angus Glen in accordance with the Appointment Order.

39. On January 23, 2020, the Receiver attended a teleconference call with Estate Legal Counsel and other counsel and was advised that Ayaz was seeking a refinancing of the “full value of the property”. Estate Legal Counsel did not propose a specific amount for the Receiver’s consideration, but advised that funds could be remitted by January 31, 2020.
40. The Receiver and its counsel have corresponded with counsel for Ayaz in respect of these activities and the timing of entering into a Listing Agreement.
41. Attached hereto as **Appendix “D”** is email correspondence dated January 23, 2020 from Estate Legal Counsel and a reply of the same date by BLG.
42. By email dated January 24, 2020 at 5:08 p.m., Estate Legal Counsel wrote to the Receiver, BLG, and counsel to RBC, with certain details on a potential refinancing. The Receiver will seek additional information and clarification from Estate Legal Counsel and the prospective lender during the week of January 27, 2020. However, the Receiver intends to execute the Listing Agreement and continue with its planned marketing activities with Tar immediately following the January 31, 2020 Court attendance, assuming that a satisfactory refinancing cannot be completed by such date, which takes into account the interests of all stakeholders in the Somani Estate.

#### **NATIONAL BANK PROPERTY**

43. 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 two different financial institutions.
44. Reference is made to paragraph 10 b) of the Responding Application Record returnable December 13, 2019 filed by Estate Legal Counsel (the “**December 13 Responding Materials**”), which disclosed National Bank Property of approximately US \$2,962,536 and Cdn \$532,325 as at November 30, 2019. Copies of certain National Bank account statements detailed contents of the National Bank Property were attached as Exhibit “B” to the December 13 Responding Materials, which also disclosed that largest single holding to be 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.
45. Immediately following the date of the Appointment Order, the Receiver wrote to National Bank to notify them of its appointment and to request access to information.

46. National Bank has cooperated with the Receiver's requests. Moreover, the Receiver has obtained access and login credentials to the National Bank's online platform containing details and historical monthly statements in respect of the Somani Estate's wealth management accounts. The Receiver also held initial consultations with National Bank in respect of an appropriate disposition strategy.
47. On December 24, 2019, Ayaz requested that the Receiver communicate with the Estate Tax Advisor in respect of potential tax considerations prior to a liquidation of the National Bank Property. On December 27, 2019, the Receiver and the Estate Tax Advisor held an initial telephone discussion to discuss the status of available tax information and the Receiver's intended course of action. The Receiver agreed to temporarily defer the liquidation of the National Bank Portfolio for the purpose of the Estate Tax Advisor reviewing tax efficient options available to the Somani Estate. Following additional communications, the Estate Tax Advisor advised the Receiver on separate dates that it had discussed a preliminary tax assessment with Ayaz, which did not anticipate significant tax savings from alternative options. Consequently, the Receiver provided instructions to National Bank as follows:
  - (a) On January 9, 2020, the Receiver requested that all Canadian and US currency cash and cash equivalents be collapsed and consolidated into one Canadian currency bank account. The sum of \$1,779,386 has since been transferred to the Receiver's trust account;
  - (b) On January 17, 2020, the Receiver requested the disposition of Canadian equity securities. Net proceeds totaling \$13,248 were subsequently delivered to the Receiver's trust account; and
  - (c) On January 22, 2020, the Receiver further consulted with National Bank with respect to a disposition strategy of the US securities, including the LabCorp Shares. As at the date of this Report, National Bank has confirmed that the US securities have been sold and are estimated to cash settle by January 27, 2020 with net proceeds of approximately US \$2,081,000. On January 24, 2020, National Bank has advised that it has converted the balance to Canadian currency, and anticipates the amount of approximately Cdn \$2,730,000 will be wired to the Receiver's trust account on January 27, 2020. The Receiver will account for receipt of the remaining net proceeds in a future Statement of Receipts and Disbursements.
48. In reviewing available transaction history of the Somani Estate's accounts with National Bank, the Receiver identified various RRSP and TFSA spousal transfers booked on August 15, 2019 totaling

approximately \$767,000 and \$65,000, respectively. The status of those assets and any proceeds from disposition are unknown to the Receiver at this time.

49. 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.
50. The Receiver has also reviewed another 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, and has made inquiries to National Bank for more information.
51. The Receiver will continue to seek additional information from National Bank concerning the Somani Estate.

#### **THE RECEIVER’S PROPOSED CLAIMS PROCEDURE**

52. The Receiver is not currently able to determine the nature and quantum of the claims that creditors may have as against the Somani Estate, including claims as at August 30, 2019. Accordingly, the Receiver proposes a process be undertaken that will assist in the identification and quantification of the claims of the creditors against the Somani Estate.
53. The Claims Procedure Order attached hereto as **Appendix “E”** establishes a comprehensive process for the identification and determination of claims, including provisions regarding notice of the Claims Procedure, the filing of proofs of claim by the relevant claims bar date, a mechanism for review and resolution of proofs of claim and the adjudication of potential disputes. The Claims Procedure, provided for by the Claims Procedure Order, will provide for a fair, efficient and transparent process.
54. The Claims Procedure defines “General Creditor Claim” to include both a “Pre-Receivership Claim” and a “Post-Receivership Claim”.
55. The Receiver will publish a Notice to General Creditor Claimants in The Globe and Mail (National Edition) describing the Claims Procedure and advising of the General Creditor Claims Bar Date within seven (7) days following the making of the Claims Procedure Order, and will publish a second advertisement in the following week.

56. As soon as practicable, but no later than eight (8) Business Days in following the Claims Procedure Order, the Receiver shall 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.
57. The “General Creditor Claims Package” consists of the “Notice to General Creditor Claimants”, a blank “Proof of Claim”, a “Proof of Claim Instruction Letter”, and such other materials as the Receiver may consider appropriate or desirable.
58. The proposed Claims Procedure Order creates a “General Creditor Claims Bar Date” of 5:00 p.m. on March 31, 2020, for all claims. In the event that a Proof of Claim, including particulars of the Claim, is not received by the Receiver on or before the General Creditor Claims Bar Date, a claimant is forever barred, estopped and enjoined from asserting or enforcing any such claim all such claims shall be forever extinguished, will not be entitled to receive further notice with respect to the Claims Process or these proceedings, and will not be permitted to participate in any distribution under any plan on account of such claim(s).
59. The Receiver will review all proofs of claim delivered to the Receiver by the Claims Bar Date and shall accept, revise or reject each such proof of claim. If the Receiver disputes a proof of claim, in whole or in part, the Receiver shall send to the claimant a Notice of Revision or Disallowance indicating the reasons for the revision or disallowance.
60. A claimant may deliver a “Notice of Dispute of Revision or Disallowance” setting out the reasons for the dispute to the Receiver within twenty (20) days after that date on which the claimant is deemed to receive the Notice of Revision or Disallowance, or such other date as may be agreed to by the Receiver in writing.
61. In the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Receiver, the Receiver shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to a Claims Officer or the Court for adjudication at its election. For greater certainty, any party may file additional evidence, documentation, reports or information prior to any hearing to resolve the issues raised in a Notice of Dispute of Revision or Disallowance and no party will object to the filing of such additional evidence on the basis that such evidence, documentation, report or information was not included in the initial Proof of Claim, or Notice of Revision or Disallowance.

62. Claims denominated in U.S. dollars are to be converted to Canadian dollars at the rate of 1.3183, being the applicable Bank of Canada exchange rate as at the date of the Appointment Order.

#### **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

63. Attached as **Appendix “F”** is an interim Statement of Receipts and Disbursements for the period December 13, 2019 to January 23, 2020. As at January 23, 2020, the closing cash balance was approximately \$1,802,532, which includes receipt of the following:
- (a) the sum of \$1,779,387 in respect of the transfer of all cash and cash equivalents held at National Bank, which were directed to the Receiver;
  - (b) the amount of \$13,249 in respect of the liquidation of Canadian equities held at National Bank; and
  - (c) the amount of \$10,000 in respect of the Occupancy Security Deposit.
64. The Receiver will report on future recoveries from the disposition of the remaining National Bank Property in due course.

#### **RECEIVER’S RECOMMENDATIONS**

65. For the reasons set out above, the Receiver recommends that the Court make two Orders:
- (a) approving this Report and the activities of the Receiver, including steps taken in dealing with the Property, as described in this Report;
  - (b) requiring Ayaz Somani to provide to the Receiver within five (5) days of the date of this Order, a list of all persons whom Ayaz Somani has reason to 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, 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;
  - (c) approving the proposed Claims Procedure to identify and determine the claims of the creditors of the Somani Estate and the Receiver’s proposed Claims Procedure Order, and authorizing and directing the Receiver to implement the Claims Procedure; and
  - (d) Approving the Receiver’s Statement of Receipts and Disbursements for the period December 13, 2019 to January 23, 2020.

All of which is respectfully submitted at Toronto, Ontario this 27<sup>th</sup> day of January, 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

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

**BORDEN LADNER GERVAIS LLP**  
Bay Adelaide Centre, East Tower  
22 Adelaide St W  
Toronto, Ontario M5H 4E3  
Tel: 416-367-6000  
Fax: 416-367-6749

**Roger Jaipargas (LSO No. 43275C)**  
Tel: 416-367-6266  
rjaipargas@blg.com

**Tyler McNaughton – LSO No. 78081Q**  
Tel: (416) 367-6037  
Email: tmcnaughton@blg.com

Lawyers for Deloitte Restructuring Inc., in its capacity as Court-appointed Receiver of certain assets and property of the Estate of Naseem Somani

# **APPENDIX “B”**

***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**

## TABLE OF CONTENTS

INTRODUCTION .....	- 4 -
TERMS OF REFERENCE .....	- 6 -
UPDATE ON ESTATE INFORMATION .....	- 7 -
UPDATE ON REAL PROPERTY .....	- 7 -
UPDATE ON THE NATIONAL BANK PROPERTY .....	- 9 -
RBC ESTATE ACCOUNT TRANSACTIONS.....	- 13 -
UPDATE ON THE CLAIMS PROCEDURE .....	- 14 -
ASSIGNMENT FOR THE GENERAL BENEFIT OF THE CREDITORS OF THE ESTATE OF NASEEM SOMANI .....	- 14 -
STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	- 16 -
RECEIVER'S RECOMMENDATIONS.....	- 16 -

## APPENDICES

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

<b>Date</b>	<b>Deposit (\$)</b>	<b>Withdrawal (\$)</b>	<b>Rolling Balance (\$)</b>	<b>Comment</b>
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	<b>Debit Transfer 16061</b>
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	<b>Debit Transfer</b>
28-Oct-19		(75,000.00)	29,089.11	<b>Withdrawal 03791</b>
1-Nov-19		(28,000.00)	1,089.11	<b>Debit Transfers 16061</b>
	<b>579,154.49</b>	<b>(578,065.38)</b>		

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.

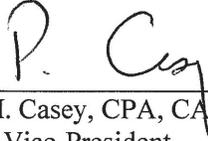
#### **RECEIVER’S RECOMMENDATIONS**

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 11<sup>th</sup> 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.**

**BORDEN LADNER GERVAIS LLP**  
Bay Adelaide Centre, East Tower  
22 Adelaide St W  
Toronto, Ontario M5H 4E3  
Tel: 416-367-6000  
Fax: 416-367-6749

**Roger Jaipargas (LSO No. 43275C)**  
Tel: 416-367-6266  
rjaipargas@blg.com

**Tyler McNaughton – LSO No. 78081Q**  
Tel: (416) 367-6037  
Email: tmcnaughton@blg.com

Lawyers for Deloitte Restructuring Inc., in its capacity as Court-appointed Receiver of certain assets and property of the Estate of Naseem Somani

# APPENDIX “C”

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

**BETWEEN:**

**ROYAL BANK OF CANADA**

Applicant

- and -

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

Respondent

**THIRD REPORT OF DELOITTE RESTRUCTURING INC.,  
IN ITS CAPACITY AS RECEIVER  
DATED MAY 20, 2020**

**TABLE OF CONTENTS**

INTRODUCTION ..... - 4 -  
TERMS OF REFERENCE ..... - 7 -  
UPDATE ON REAL PROPERTY AND APPROVAL OF SALE AGREEMENT..... - 7 -  
SUMMARY OF THE CLAIMS PROCEDURE ..... - 12 -  
INDEPENDENT LEGAL OPINION ON SECURITY INTERESTS..... - 13 -  
STATEMENT OF RECEIPTS AND DISBURSEMENTS..... - 14 -  
PROPOSED DISTRIBUTIONS TO RBC..... - 14 -  
RECEIVER’S RECOMMENDATIONS..... - 15 -

## APPENDICES

APPENDIX	DESCRIPTION
A	Appointment Order 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	Second Report of the Receiver dated February 11, 2020 (without appendices)
F	Authorization Order and Endorsement of Justice Hainey dated March 19, 2020
G	Executed Agreement of Purchase and Sale re 106 Angus Glen – Redacted Version
H	Statement of Receipts and Disbursements for the interim period February 11, 2020 to May 12, 2020 and cumulative period December 13, 2019 to May 12, 2020
I	Affidavit of Stefano Damiani of Deloitte Restructuring Inc. sworn May 19, 2020
J	Affidavit of Tamila Ivanov of Borden Ladner Gervais LLP sworn May 15, 2020

## CONFIDENTIAL APPENDICES

CONFIDENTIAL APPENDIX	DESCRIPTION
A	Confidential Supplement to the Report of the Receiver
B	Executed Agreement of Purchase and Sale re 106 Angus Glen – Unredacted Version
C	Summary and Chronology of Offers Receiver re 106 Angus Glen

## 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, Ontario. AVG was placed

into receivership pursuant to an Order of the Court dated February 21, 2020 and bankrupted on March 6, 2020 and Ayaz and Suleman were each personally bankrupted also on March 6, 2020, all administered by Trustees other than Deloitte.

6. The Receiver understands that the Somani Estate continues to be represented by the following professionals:
  - (a) Howard Manis of Macdonald, Sager, Manis LLP acts as legal counsel to both the Somani Estate and Ayaz. Bruce Drake of Bruce Drake Law Office and Hooey Remus LLP 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 and executor.
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. On February 11, 2020, the Receiver issued its second report to the Court (the “**Second 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 an order approving the Receiver’s interim Statement of Receipts and Disbursements for the period January 24, 2020 to February 10,

2020 and relief in respect of a bankruptcy of the Estate as described below. A copy of the Second Report (without appendices) is attached hereto as **Appendix “E”**.

11. On March 19, 2020, the Court issued an order (the “**Authorization Order**”): (i) approving the Receiver’s interim Statement of Receipts and Disbursements to February 10, 2020, (ii) authorizing but not obligating the Receiver to file an assignment into bankruptcy on behalf of the Somani Estate; (iii) authorizing Deloitte to act as trustee of the bankrupt Somani Estate; and (iv) authorizing the Receiver to transfer \$30,000 to Deloitte in its capacity as proposed trustee in bankruptcy to fund the administration of the proposed bankruptcy. Attached hereto as **Appendix “F”** is a copy of Authorization Order.
12. On May 11, 2020, the Receiver filed an assignment into bankruptcy on behalf of the Somani Estate.
13. The purpose of this third 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 Orders:
    - (i) approving this Report and the activities of the Receiver as described in this Report;
    - (ii) approving the sale transaction (the “**Transaction**”) to be effected through an agreement of purchase and sale dated March 27, 2020 (the “**Sale Agreement**”) between the Receiver and Wen Ying Lin (“**Lin**” or the “**Purchaser**”), and authorizing the Receiver to take such steps and execute such documents as may be necessary or desirable for the completion of the Transaction, and vesting in the Purchaser all of the Debtor’s right, title and interest in and to 106 Angus Glen free and clear of all encumbrances, except certain permitted encumbrances;
    - (iii) temporarily sealing the confidential supplemental to this Report (the “**Confidential Supplement**”), together with the confidential appendices thereto, filed with this Court from the public record until the closing of the Transaction;
    - (iv) approving an interim distribution of available surplus proceeds of \$2,000,000 to RBC, the Debtors’ senior secured lender, as described herein, and authorizing the Receiver to make additional distributions to RBC in such amounts as the Receiver deems appropriate in repayment of the RBC indebtedness up to \$8,034,954 without further approval of the Court;
    - (v) approving the Receiver’s Interim Statement of Receipts and Disbursements for the period February 11, 2020 to May 12, 2020 (the “**R&D**”); and

- (vi) approving the professional fees and disbursements of the Receiver and its legal counsel in the amounts set out this Report and authorizing the Receiver to pay all such fees and disbursements.

## **TERMS OF REFERENCE**

14. 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.
15. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
16. Unless otherwise provided, all other capitalized terms not otherwise defined in this Report are as defined in the Appointment Order, the First Report or the Second Report.

## **UPDATE ON REAL PROPERTY AND APPROVAL OF SALE AGREEMENT**

### ***Overview and Vacant Possession***

17. 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.

18. Further to paragraphs 19 and 27 of the Second Report, Ayaz vacated 106 Angus Glen on February 18, 2020 pursuant to an interim occupancy agreement with the Receiver.
19. The Receiver reviewed quotes for vacant property insurance coverage with Roughly Insurance Brokers Ltd. (“**Roughly Insurance**”), the incumbent insurance broker, and also with an alternate insurance broker. The Receiver ultimately bound coverage through Roughly Insurance for a three-month period to May 18, 2020, and arrangements have been made for an extension until the closing of the Transaction.
20. The Receiver retained Richmond Advisory Services as property manager (the “**Property Manager**”) who attended at 106 Angus Glen on February 18, 2020 to, among other things, supervise the move, change the locks, take photographs of the premises and any damage following the move, prepare a summary report, redirect utility accounts, and winterize the premises.
21. The Property Manager arranged for the installation of an updated security system and established a recurring site inspection and maintenance protocol in accordance with insurance policy requirements, which will remain in effect until the closing of the Transaction.
22. As set out in paragraph 22 of the Second Report, the Receiver executed an exclusive listing agreement with Century 21 Leading Edge Realty Inc. o/a The Tar Team (“**Tar**”).

### ***Marketing of 106 Angus Glen***

23. The Property Manager and Tar conducted independent assessments of damage to the premises and made arrangements to complete required repairs and painting to prepare the property for market.
24. Tar took the following steps to prepare 106 Angus Glen for market in a timely manner:
  - (a) worked with the Property Manager to assess damage to the premises and made arrangements to complete required repairs and painting;
  - (b) arranged for professional cleaning of the premises;
  - (c) arranged for staging of the principal rooms with rental furniture and decorative accessories, and purchased certain missing fixtures;
  - (d) obtained professional photographs of the premises and prepared a marketing brochure;
  - (e) advised the Receiver on market conditions and recommended a listing price of \$3,388,000;

- (f) uploaded an online profile for 106 Angus Glen to Tar's website, prepared an email teaser to Tar's internal database of 2,112 prospective buyers and 1,790 real estate agents, utilized social media marketing channels, and prepared a public MLS listing for the marketing launch date of February 27, 2020; and
  - (g) facilitated showings to thirteen (13) prospective purchasers and solicited feedback.
25. The Receiver's independent legal counsel, Borden Ladner Gervais LLP ("**BLG**"), prepared an amended form of Agreement of Purchase and Sale based on the OREA (Ontario Real Estate Association) template, together with input from Tar, for use by prospective purchasers.
  26. On March 11, 2020, an offer (the "**First Offer**") was submitted to Tar and reviewed by the Receiver. Following consultations with Tar with respect to pricing, comparable transactions, market conditions and other factors, the Receiver executed a counteroffer. The prospective purchaser rejected that counteroffer, and submitted an insignificantly improved offer on March 17, 2020, which the Receiver and Tar deemed to be of insufficient value.
  27. On March 22, 2020, another prospective purchaser, Lin, submitted an offer to Tar. Following consultations with Tar, the Receiver and Lin exchanged counter offers which resulted in the Purchaser twice increasing its offer amount. On March 27, 2020, the parties executed the Sale Agreement.
  28. On March 30, 2020, the Purchaser delivered the deposit of \$200,000 to the Receiver's trust account in accordance with the Sale Agreement.
  29. On April 3, 2020, the Purchaser executed a form of waiver agreement (the "**Conditions Waiver**") which waived the conditions in favour of the Purchaser with respect to financing, home inspection, examination of title, and review by the Purchaser's legal counsel. Also on April 3, 2020, the Purchaser and the Receiver executed an amendment to the Sale Agreement (the "**Amendment**") in connection with the Purchaser's ability to assign the Sale Agreement.
  30. A redacted copy of the Sale Agreement, together with the Conditions Waiver and Amendment, are attached hereto as **Appendix "G"**, and an unredacted copy is attached as **Confidential Appendix "B"** to the Confidential Supplement.
  31. A bid chart which sets out the dates and offer amounts received is attached as **Confidential Appendix "C"** to the Confidential Supplement.

***Terms of the Sale Agreement***

32. A summary of the non-commercially sensitive key terms of the Sale Agreement is provided below.

<b>Summary of the Agreement of Purchase and Sale</b>	
<b>Purchaser</b>	<ul style="list-style-type: none"><li>• Wen Ying Lin (or the Purchaser's assignee)</li></ul>
<b>Transaction Type</b>	<ul style="list-style-type: none"><li>• Sale of real property</li><li>• Form of Approval and Vesting Order appended to the Sale Agreement</li></ul>
<b>Date of Sale Agreement</b>	<ul style="list-style-type: none"><li>• March 27, 2020, as amended on April 3, 2020</li></ul>
<b>Purchase Price</b>	<ul style="list-style-type: none"><li>• Confidential</li></ul>
<b>Deposit Received</b>	<ul style="list-style-type: none"><li>• \$200,000</li></ul>
<b>Outside Closing Date</b>	<ul style="list-style-type: none"><li>• July 3, 2020</li></ul>
<b>Purchased Assets</b>	<ul style="list-style-type: none"><li>• 106 Angus Glen, as more particularly and legally described in Schedule "B" to the Approval and Vesting Order</li><li>• Chattels as described in paragraph 4 of the Sale Agreement, including electric light fixtures, window coverings, appliances, and HVAC equipment</li></ul>
<b>Conditions to Closing</b>	<ul style="list-style-type: none"><li>• Approval and Vesting Order issued by the Court</li><li>• The Purchaser's payment of the balance of the purchase price</li><li>• Filing of the Receiver's Certificate in the form substantially similar to the Approval and Vesting Order</li></ul>

***The Receiver's Observations***

33. In seeking the Court's approval of the Sale Agreement and to complete the Transaction, the Receiver makes the following observations for consideration by the Court:

- (a) the Receiver conducted a detailed review of listing proposals from six realtors as set out in paragraphs 29 to 32 of the First Report, which included comparable market information. The Receiver also sought additional input from Tar, a specialist realtor in the area of Markham, Unionville, and Stouffville, with particular depth in the luxury

home segment, with respect to a commercially reasonable assessment of the Real Property;

- (b) the Purchaser's offer substantially followed the Receiver's form of offer;
- (c) ongoing property taxes, utilities, maintenance, insurance, property management fees, and other protective disbursements can be mitigated by the timely realization of a commercially reasonable transaction which can be completed without delay in accordance with the timelines established in the Sale Agreement;
- (d) RBC, the primary economic stakeholder, has advised the Receiver that it approves of the Transaction;
- (e) the Purchaser's offer is higher than the First Offer;
- (f) the Receiver believes the Transaction represents commercially reasonable value; and
- (g) the Sale Agreement represents an advantageous offer and maximizes recoveries for all stakeholders.

34. To the extent that this Court does not approve the Receiver completing the Sale Agreement, or if the Sale Agreement is approved by the Court but the Transaction is not completed for other reasons, public disclosure of the offers received and the contents of the Sale Agreement, including the purchase price, could negatively impact the Receiver's re-marketing of the Real Property. For that reason, the Receiver is seeking an Order of this Honourable Court to seal the Confidential Supplement, which includes an unredacted version of the Sale Agreement and bid summary, until the Receiver's Certificate has been filed with this Honourable Court.

#### **UPDATE ON ESTATE TAX INFORMATION**

35. As set out in paragraph 15 of the Second Report, the Estate Tax Advisor had previously estimated that tax returns could be filed in February or March 2020, subject to availability of information. This has not occurred due to the Estate Tax Advisor's challenges in obtaining information from the Executor in a timely manner.

36. In March 2020, the Receiver and its counsel communicated directly with Dynacare to expedite the collection of certain tax information required by the Estate Tax Advisor. Dynacare provided the Receiver with a 2019 T4 slip which disclosed that taxes had been withheld at source, an amount of consulting fees paid to an entity which the Receiver understands was owned by Naseem and/or Ayaz, and provided documentation setting out that there was no new stock compensation in 2019

or future outstanding stock compensation owing to Naseem. The Receiver also obtained additional tax slips with respect to various investments which were held at National Bank. The Receiver has forwarded this information to the Estate Tax Advisor.

37. The Estate Tax Advisor has recently provided the Receiver with a detailed update of outstanding information as at May 13, 2020 and its upcoming activities with respect to the two remaining tax returns: (i) a T1 personal income tax return for the period January 1, 2019 to the Date of Death, and (ii) a T3 estate tax return for the period March 18, 2019 to March 17, 2019. The Receiver will continue to follow up with the Estate Tax Advisor in this regard.

### **SUMMARY OF THE CLAIMS PROCEDURE**

38. The Claims Procedure Order established a Claims Bar Date of March 31, 2020.
39. The Receiver caused the publication of a Notice to General Creditor Claimants in The Globe & Mail (National Edition) on February 10, 2020 and February 18, 2020.
40. On February 11, 2020, the Receiver distributed a General Creditor Claims Package to the Service List and other potential creditors, including the City of Markham and utility service providers.
41. RBC was the only creditor who had filed a claim (the “**RBC Claim**”) with the Receiver pursuant to the Claims Procedure Order. The RBC Claim set out indebtedness totaling \$8,034,954 as at December 13, 2019, comprised of \$2,074,366 for the Mortgage and \$5,960,589 with respect to Guarantee and Collateral Mortgage.
42. The Receiver has not received a claim from Canada Revenue Agency (“**CRA**”). Following the Estate Tax Advisor’s filing of the remaining tax returns, the Receiver will follow up with CRA in connection with its claim, if any.
43. The Receiver will also follow up with the Executor with respect to any additional estate administrative taxes payable in addition to what was disclosed on the Estate Information Return (“**EAT**”) dated December 5, 2019 which the Executor had filed with the Ministry of Finance. A copy of the EAT was appended to the Second Report.
44. Deloitte, in its capacity as Trustee in Bankruptcy, will review claims received in the companion bankruptcy administration in due course.

## INDEPENDENT LEGAL OPINION ON SECURITY INTERESTS

45. BLG, in its capacity as independent legal counsel to the Receiver, conducted a review of the following loan and security documents:
- (a) RBC Homeline Plan Agreement dated January 17, 2012 in the amount of \$2,260,000 between RBC and Naseem Somani (the “**Loan Agreement**”);
  - (b) Acknowledgement and Direction dated January 21, 2012 executed by Naseem Somani with respect to a charge/mortgage in favour of RBC in the principal amount of \$2,260,000 over the Real Property (the “**Mortgage**”);
  - (c) Guarantee and Postponement of Claim in respect of AVG (OEAM) Inc. dated September 18, 2019 granted by Ayaz Somani, in his capacity as executor of the Somani Estate, limited to the principal amount of \$5,875,000 in favour of RBC (the “**Guarantee**”);
  - (d) Security Agreement dated September 25, 2019 granted by Ayaz Somani, in his capacity as executor of the Somani Estate, in respect of the National Bank Property in favour of RBC (the “**Security Agreement**”); and
  - (e) Acknowledgement and Direction dated September 18, 2019 executed by Ayaz Somani, in his capacity as executor of the Somani Estate, with respect to a Collateral Charge in favour of RBC in the principal amount of \$5,875,000 over the Real Property (the “**Collateral Charge**”).
46. BLG’s conclusions with respect to the loan and security documents are contained in a report delivered to the Receiver on March 3, 2020 and supplemented on March 5, 2020 (collectively, the “**Security Review**”). The Security Review is limited to the laws of the Province of Ontario (“**Ontario Law**”) and the federal laws of Canada applicable therein.
47. Subject to standard assumptions and qualifications set forth in the Security Review, the Security Review concludes that, among other things:
- (a) the Mortgage creates a valid security interest in favour of RBC in the property of Naseem Somani described in the Mortgage, and such security interests have been properly perfected by registration at the applicable Land Registry Office; and
  - (b) each of the Security Agreement and Collateral Mortgage creates a valid security interest in favour of RBC in the property of Ayaz Somani, in his capacity as executor of the

Somani Estate, described in the Security Agreement and Mortgage (as applicable), and such security interests have been properly perfected by registration under the *Personal Property Security Act* (Ontario) (the “PPSA”) and at the applicable Land Registry Office, as applicable.

#### **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

48. Attached as **Appendix “H”** is a cumulative Statement of Receipts and Disbursements for the period December 13, 2019 to May 12, 2020, together with interim activity for the period February 11, 2020 to May 12, 2020.
49. As at May 12, 2020, the closing cash balance was \$4,442,562, which includes the Purchaser’s deposit of \$200,000 being held in trust by the Receiver pursuant to the terms of the Sale Agreement for 106 Angus Glen.

#### **PROPOSED DISTRIBUTIONS TO RBC**

50. As set out earlier in this Report, the Receiver has obtained an independent legal opinion confirming the validity and enforceability of RBC’s security.
51. At this time, the Receiver is seeking Court approval of an interim distribution to RBC of \$2,000,000 from surplus funds on hand, and which takes into account a reserve for the following items:
  - (a) a conservative estimate of income taxes owing to CRA;
  - (b) other estimated estate taxes and liabilities;
  - (c) calculated current and future protective disbursements, carrying costs and realtor commissions in respect of 106 Angus Glen; and
  - (d) professional fees and other Court Ordered charges.
52. In order to minimize the costs associated with obtaining approval by the Court for further distributions to RBC, the Receiver also seeks Court approval for future distributions to RBC up to \$8,034,954 without further order of this Court, which amount represents the secured obligations owing to RBC.

### **PROFESSIONAL FEES**

53. The Receiver, and its legal counsel, BLG, have maintained detailed records of their professional time and costs since the issuance of the Appointment Order. Pursuant to paragraphs 16 and 17 of the Appointment Order, the Receiver and its legal counsel were directed to pass their accounts from time to time before this Honourable Court and were granted a Receiver's Charge over the Property.
54. The fees of the Receiver during the period November 12, 2019 to April 30, 2020 amount to \$144,097.50, and together with other expenses and disbursements of \$3,847.56, and Harmonized Sales Tax ("HST") in the amount of \$19,232.86, total \$167,177.92. The time spent by the Receiver is more particularly described in the Affidavit of Stefano Damiani of Deloitte, sworn May 19, 2020 (the "**Damiani Affidavit**") in support hereof and is attached hereto as **Appendix "I"**.
55. The legal fees incurred by BLG during the period November 11, 2019 to April 30, 2020 amount to \$122,443.80, and together with disbursements of \$3,572.56 and HST of \$16,283.75, total \$142,300.11. The time spent by BLG personnel is more particularly described in the Affidavit of Tamila Ivanov of BLG, sworn May 15, 2020 (the "**Ivanov Affidavit**") in support hereof and attached hereto as **Appendix "J"**.
56. The Receiver is of the view that the fees and disbursements set out in the Damiani Affidavit and Ivanov Affidavit (collectively, the "**Fee Affidavits**") are reasonable in the circumstances and should be approved by the Court.

### **RECEIVER'S RECOMMENDATIONS**

57. For the reasons set out above, the Receiver recommends that the Court make Orders:
  - (a) approving this Report and the activities of the Receiver as described herein;
  - (b) approving the Transaction to be effected through the Sale Agreement, and authorizing the Receiver to take such steps and execute such documents as may be necessary or desirable for the completion of the Transaction, and vesting in the Purchaser all of the Debtor's right, title and interest in and to 106 Angus Glen free and clear of all encumbrances, except certain permitted encumbrances;
  - (c) temporarily sealing the Confidential Supplement, together with the confidential appendices thereto, filed with this Court from the public record until the closing of the Transaction;

- (d) approving an interim distribution of surplus proceeds to RBC, as described herein, and authorizing the Receiver to make additional distributions to RBC up to the cumulative amount of \$8,034,954 to repay the RBC indebtedness;
- (e) approving the Receiver's Interim Statement of Receipts and Disbursements for the period February 11, 2020 to May 12, 2020; and
- (f) approving the professional fees and disbursements of the Receiver and its legal counsel in the amounts set out this Report and authorizing the Receiver to pay all such fees and disbursements.

All of which is respectfully submitted at Toronto, Ontario this 20<sup>th</sup> day of May, 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

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

**BORDEN LADNER GERVAIS LLP**  
Bay Adelaide Centre, East Tower  
22 Adelaide St W  
Toronto, Ontario M5H 4E3  
Tel: 416-367-6000  
Fax: 416-367-6749

**Roger Jaipargas LSO No. 43275C**  
Tel: 416-367-6266  
rjaipargas@blg.com

**Tyler McNaughton – LSO No. 78081Q**  
Tel: (416) 367-6037  
Email: tmcnaughton@blg.com

Lawyers for Deloitte Restructuring Inc., in its capacity as Court-appointed Receiver of certain assets and property of the Estate of Naseem Somani