

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

ENLIGHTENED FUNDING CORPORATION

Applicant

- and -

VELOCITY ASSET AND CREDIT CORPORATION AND
926749 ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED;
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, AS AMENDED**

**AFFIDAVIT OF HUGH WADDELL
(Sworn May 2, 2024)**

I, **HUGH WADDELL**, of the Town of Peterborough, Ontario **MAKE OATH AND SAY:**

1. I am a director and officer of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing which have operated a used car dealership for the past 28 years in Peterborough, Ontario, until they were placed into a court-appointed receivership on October 26, 2023, and as such, I have personal knowledge of the following.
2. I swear this affidavit in reply to the receiver's Supplemental Report to its Third Report and Supplemental Motion Record of the receiver dated April 30, 2024.
3. In response to paragraph 5 of the Supplemental Report, the respondents did not repay Enlightened because Enlightened failed to provide funds according to their emergency funding agreements, which agreements are in the books and records of the respondent Dealer, which were

removed by the Receiver and have not been returned to the respondents. Enlightened had a \$20,000,000.00 line of credit. Enlightened claims that the Dealer owed \$19,406,788.71 as of October 6, 2023, on page 12 of the Third Report. Based on the availability offered, and promised to a maximum of \$20,000,000, there was still \$594,000 available credit on the promised funding for Clonsilla Auto as per Eamon Glavey. Therefore, Enlightened defaulted on its promise to fund Clonsilla until a new lender was found. \$1,200,000.00 of the \$19,406,788.71 was owed by National Auto lease at that moment. National paid out Enlightened in October and November 2023. Enlightened has not acknowledged the reduced debt from National Auto since the beginning of the receivership.

4. In response to paragraph 6 of the Supplemental Report, after the funding from Enlightened stopped on August 1, 2023 this further impeded the Dealer's cash flow, and yet payments were made as much as possible throughout August, September and October 2023. Agreements were arranged and accepted with most parties with consideration to the issues facing the company that rendered the finances tight but not without cash flow: we continued to make payments to the company obligations.

5. When the Receiver sent out its notices without discretion, it became difficult to maintain actual cash flows under the daily mismanagement of the Receiver and the vastly reduced income under their responsibility after November 1, 2023. As is evidenced by their own statements of our collections and payment history for years before, it is clear that the Dealer fulfilled its obligations, even despite the removal of payments in the amount of \$880,000 by Enlightened from the Dealer's bank accounts, that came to light in October and verified by Connie Chen and Jaylon Alleyon of the Receiver.

6. In addition, the \$1,400,000.00 in refunds from Canada Revenue is still at issue, and is corroborated by Sid Karymzn, CPA, and Ryan Morris, a tax lawyer at Weir Foulds.
7. In response to paragraph 9 of the Supplemental Report, Deloitte managing a receivership for two new car dealers and a rental company does not prepare the Receiver to run a \$7 million per a year independent used car dealer whose primary function was growing a lease fleet in the subprime area of financing.
8. Our company should have continued to operate and been sold as a going concern with an estimated value as a functioning dealership for \$3.5 million on \$7 million of sales and equity.
9. The team that was dispatched to the Dealership by the receiver had no dealer experience and did not know enough to discuss any of the important issues related to creating and maintaining value with the Dealer, who had 40 years' experience in auto sales.
10. I am informed by Lessee 3260 and believe to be true that Lessee 3260 spoke to Richard Williams and was told by Richard Williams that, "we are just the high priced help and don't know a thing about running a Dealership. We've hired other people to collect the money."
11. In response to paragraph 10(c) of the Supplemental Report, had a letter been matched to each relevant file, the Receiver would have not sent any errant notices. There was a physical file for each lease as confirmed by OMVIC. This was a simple process, and would have even been simpler if the Receiver had just asked me.
12. In response to paragraph 11 of the Supplemental Report, the Receiver was aware that the Dealer was to remain in business after the October 26, 2023 motion, so as an accounting firm they were well aware that the Dealer had to maintain a bank account to pay its accounts (including

payroll) in addition to the sole bank account that was used to collect the auto debits from the customer, which I cooperatively turned over to the Receiver on October 26, 2023.

13. In response to paragraph 12 of the Supplemental Report, the Receiver was well aware there were other bank accounts, as there were two deposit receipt books set up, one for each account: one for Enlightened deposits/Deloitte and one for the Dealer's other clients and receivable deposits. We arranged this in our first meeting on October 26, 2023. If the Receiver would give us our books back, we could provide this evidence, which the Receiver should provide, as it has all the books and documentation.

14. In response to paragraph 13 of the Supplemental Report, this statement is false as Richard Williams was told of the bank account by the Dealer, and we explained to Richard Williams that Autoconnect bought eight cars from Autoconnect and paid North Toronto auction through that bank account. Further, Sara Waddell was promised a partial refund for a large deposit that was made three weeks before for a purchase of a car. The transaction for the refund was authorized on December 5, 2023, but subsequently issued on December 9, 2023, as the hold was removed from the account on that day.

15. In response to paragraph 14 of the Supplemental Report, the client whose lease I rescinded was a decision made in good faith as a licensed Dealer, which could break a lease, as the vehicle literally exploded one week after delivery. Many attempts to resolve the file failed and the customer was not paying. I therefore accepted a settlement for \$3,000 to release the customer and get the vehicle returned for reconditioning and eventual resale at a value three times of what it was liquidated for by the Receiver at auction. The client tried to repair the vehicle under her insurance but the appraiser forensically determined he should decline the insurance claim made by the lessee.

The vehicle was returned. The Dealer was paid \$3,000 and the matter was settled, all prior to the December 8, 2023 Order. This was not misconduct, just a necessary business arrangement. The Receiver received these funds.

16. In response to paragraph 16 of the Supplemental Report, the arrangement made with Canadian General Warranty (“CGW”) as the boss John and the rep Gerry Eisner were aware of a significant receivable from Canada Revenue for HST refunds totaling \$1,400,000.00 that once resolved would result in their account being paid up to date. I refute Ms. Carol Roy's estimate of when the payments stopped. If I had copies of the books and records of the company, which I requested from the Receiver many times, I could verify that all of our customers had valid and active contracts into October 2023 by way of the Dealer's business arrangement with CGW. I also refute that the payments from Clonsilla were not being paid to CGW.

17. In response to paragraph 17 of the Supplemental Report, the Receiver keeps bringing this up over and over again. The Port Hope Police investigated this matter and determined that the suspect was trying to steal the identity of a Port Hope resident and lease a vehicle in his name. The Dealer disclosed everything to the Police, and the Police are dealing with it as a criminal offense related to identity theft, and this was explained to the Receiver's team at length.

18. In response to paragraph 18 of the Supplemental Report, many lessees will say that they never signed their leases in an attempt to shed their financial responsibilities. I am unable to respond to 3308 as an allegation. In addition, I am not able to access the information I need to respond to these allegations, as the Receiver refuses to provide copies of my documents despite numerous requests to do so. In reviewing the lease they have attached as evidence in the Third Report, that is not my signature.

19. In response to paragraphs 19 and 20 of the Supplemental Report, I have read the OMVIC findings listed at item 4. The OMVIC inspectors provide reports, findings and education. It was discussed with OMVIC that we were not allowed to have two PPSAs on more than one vehicle. This happened many times by accident. Our staff responded by removing those that were still doubled up, thereby correcting the problem. The receiver mentions 3370, which is discussed in paragraph 17. 3370 is not applicable to this information.

20. In response to paragraph 21 of the Supplemental Report, the Dealer had vehicles financed internally for almost 28 years that the Dealer was in business. We calculated payment streams against investment accounts of each investor. This was our practice for tax purposes and it allowed a flow through of value for the investors. We had two accountants in those 28 years and both agreed that this was a prudent course of action. The Receiver alleges that we have 15 vehicles that we have not returned. That is false. We had three vehicles that were returned. The Receiver sent them to the auction where it accepted pennies instead of actual retail values.

21. In response to paragraph 22 of the Supplemental Report, I deny any misstatements. On the contrary, what Ms. Kennedy stated about OMVIC closing the Dealership was false; Ms. Kennedy stated to the court on April 23, 2024 that OMVIC closed the Dealership. This is false. OMVIC did not do so. Jordan Sleeth of the Receiver told me that he was closing the Dealership. When I asked him why he stated, "Because I decided to." I objected, and told Mr. Sleeth that our Dealership had been in business for 28 years and was worth millions as a going concern and that something should be worked out to create value instead of dumping vehicles for pennies on the dollar. Mr. Sleeth said that his decision was final.

22. Further, it was stated that the Police and OMVIC were investigating. In fact, Jordan Sleeth

of the Receiver telephoned a customer of the lease fleet and told the customer that I and Jacquie Rabinowitz, who purchased four of the lease contracts, were committing fraud by redirecting payments. As a result of Jordan Sleeth's call to the customer, the customer called the Peterborough Police and filed a complaint. First the Police contacted the Receiver, then the Police contacted Ms. Rabinowitz and decided, as they told Ms. Rabinowitz that, "The Receiver was being heavy handed and being a prick." The Police dispensed with the complaint as being unfounded and the investigation is closed. A copy of the Police Report is attached as Exhibit A.

23. OMVIC was doing what they always do, which is investigate and regulate, especially when a receivership was ordered.

24. In addition, Ms. Kennedy insisted to the court on April 23, 2024 that the Waddells had representation from David Steinberg on December 8, 2023, and in fact during the entire time. This is false. Mr. Steinberg was not retained until mid-December, and then only to deal with discreet issues for Mrs. Waddell, who was having problems collecting rent from the receiver and to deal with the three cars that were returned to the Dealership. The respondents were unrepresented on December 8, 2023.

25. Finally, neither Ms. Kennedy nor anyone at the Receiver will admit the removal of funds taken from the Dealer's bank account. \$68,307 per month was removed from the Dealer's cash flow and bank account, despite the fact that two of the Receiver's staff were sharing information with my operations manager Maryanne Jacobs. Despite my issuing a detailed list, with account numbers and referral information with details and collated totals provided in my letter of November 30, 2023, the Receiver and its counsel have been deceitful. The Receiver's counsel told the court that there is no value to the reporting. This is also false.

26. In addition, the Receiver has not accounted for payments made to Enlightened described as “future value lending”. These resulted in massive over-payments to Enlightened without any accounting completed. There are several millions missing. It is almost impossible to complete the accounting as the Receiver will not return our books records and emails despite requesting them multiple times.

SWORN remotely by Hugh Waddell)
stated as being located in the Town of)
Peterborough, before me at the City of Toronto)
in the province of Ontario on this 2nd day of)
May, 2024 in accordance with O. Reg 431/20,)
Administering Oath or Declaration Remotely.)

Frank Bennett

A Commissioner for Taking Oaths
Frank Bennett



HUGH WADDELL

This is Exhibit “A” referred to in the Affidavit of Hugh Waddell sworn before me at the City of Toronto in the province of Ontario on this 2nd day of May, 2024 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

Frank Bennett

A Commissioner, etc.



Stuart Betts, Chief of Police
Jamie Hartnett, Deputy Chief of Police

Peterborough Police Service
500 Water Street, PO Box 2050
Peterborough, Ontario, K9J 7Y4
Main Phone 705 876-1122
Executive Fax 705 876-6005
Operations Fax 705 743-1540
Website – www.peterboroughpolice.com

January 30, 2024

File: 24-014

Jacqueline Rabinowitz
54 Cezanne Trail
Thornhill, ON
L4J 9B9

Ms. Rabinowitz:

I am responding to your request for access to information pursuant to the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), received by this office on January 24, 2024.

After careful consideration of sections 38 (a) and (b), a decision has been made to grant you partial access to the information you requested. Full disclosure would constitute an unjustified invasion of another individual(s) personal privacy as consent for disclosure was not obtained from all affected parties.

The following were considered in making this decision:

- 38(b) & 14(2)(f) - The personal information is highly sensitive;
- 38(b) & 14(2)(h) - The personal information has been supplied by the individual to whom the information relates in confidence;
- 38(b) & 14(2)(i) – Disclosure may unfairly damage the reputation of any person referred to in the record;
- 38(b) & 14(3)(b) – Disclosure of personal information is presumed to constitute an unjustified invasion of personal privacy if the personal information was compiled and is identifiable as part of an investigation into a possible violation of law, except to the extent that disclosure is necessary to prosecute the violation or to continue the investigation.

The following sections were used to exempt the police codes, statistical codes and investigative tools:

- 38(a) & 8(1)(c) – reveal investigative techniques and procedures currently in use or likely to be used in law enforcement;
- 38(a) & 8(1)(e) – Disclosure could reasonably be expected to endanger the life or physical safety of a law enforcement officer or any other person;
- 38(a) & 8(1)(l) – Disclosure could reasonably be expected to facilitate the commission of an unlawful act or hamper the control of crime.

Professional, Friendly and Helpful


You may request a review of this decision by the Information and Privacy Commissioner,

2 Bloor Street East, Suite 1400, Toronto, Ontario, M4W 1A8, telephone number (416) 326-3333. The Information and Privacy Commissioner is now taking applications online at <https://forms.mgcs.gov.on.ca/dataset/on00345>. There is an appeal fee of \$25.00 for general information or \$10.00 for personal information. Please make your cheque or money order payable to the Minister of Finance. You have 30 days to make this appeal. You may also wish to notify our institution of your intent to appeal.

The Municipal Freedom of Information and Protection of Privacy Act is available online at www.ontario.ca, or can be found through a link on the Peterborough Police Service FOI webpage, should you wish to review any of the sections referenced in this letter.

I am responsible for this decision. Should you have any questions or concerns, please do not hesitate to contact me at (705) 876-1122, ext. 213. Thank you.

Regards,

A handwritten signature in black ink, appearing to read 'K. Wannamaker', with a stylized, cursive script.

Kira Wannamaker
Analyst, Freedom of Information

Enclosures

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Occurrence Summary

PETERBOROUGH Police Service

Printed: 2024/01/25 09:34 by 937

Occurrence: **PB23031613 Fraud @2023/12/20 18:58**

Date/Time: Between... 2023/08/08 00:00 and 2023/12/20 18:58

Involved person(s): [Complainant; Spoken to]

[Witness]

[Spoken to] RABINOWTZ, JACKIE 1973/11/11 (50) F ((Cellular phone) (705) 727-7707)

[Person of interest]

Involved Address(es): [Complainant address; Dispatch address; Occurrence address] 639 REID ST,
PETERBOROUGH, ON Canada K9H 4H5

No involved Vehicles found

Involved Officer(s): #560 TIPPIN, JENNIFER (CAD operator)
#202 TISDALE, MICHAEL (Dispatched officer; Reporting officer; Witness)
#924 CARR, MICHAEL (Civilian data entry employee)
#272 BLACK, RYAN (Investigator; Witness)
#806 YATES, TEENA (Civilian data entry employee)

No Flags found

Summary: 12/20/2023 18:59:51 - Reportable Event comments: ----- Closing comments: TISDALE -
ISSUES WITH LEASING OF VEH FROM CLONSILLA AUTO SALES. OUT \$592.20. RTF

Remarks:

Supplementary Occurrence Report

PETERBOROUGH Police Service

Printed: 2024/01/24 14:08

Occurrence: PB23031613 Fraud @2023/12/20 18:58

Author: #272 BLACK, RYAN
Entered by: #806 YATES, TEENA

Report time: 2024/01/19 07:50
Entered time: 2024/01/19 07:48

Remarks:

CONCLUDING REPORT

Report:

ADVANCED INVESTIGATION

On 18Jan24 DC Black spoke with the complainant. [REDACTED]

DC Black called Jackie Rabinowitz who advised that she purchased four private auto loans from Clonsilla Auto Sales prior to the company going bankrupt. She advised that Deloitte is now claiming that they own all auto loans that were leased through Clonsilla Auto Sales including hers. She advised that she is fighting with Deloitte in court currently as both are of the opinion that they own the loans.

At this time there is no evidence of an offence and it appears that this is a civil issue.

This occurrence can be marked as unfounded. No further police action will be taken.

H/C

IN THE MATTER OF THE BANKRUPTCY OF HUGH WADDELL

Court File No.: BK-24-00208693-OT31

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Toronto

AFFIDAVIT OF HUGH WADDELL

BENNETT & COMPANY

Barristers & Solicitors
25 Adelaide Street East, Suite 1320
Toronto, Ontario, M5C 3A1

Frank Bennett(LSO# 11829F)

Email: bennett@ican.net
Tel: 416-363-8688
Fax: 416-363-8083

Lawyers for the Respondent

Title	Affidavit of Hugh Waddell sworn May 2, 2024 in reply to...
File name	Affidavit of Hugh...mental report.pdf
Document ID	a395d6b672f8eb91824d8298bbe6afb0218e0829
Audit trail date format	DD / MM / YYYY
Status	● Signed

Document History



02 / 05 / 2024
10:19:59 UTC-4

Sent for signature to Frank Bennett (bennett@ican.net) and Hugh Waddell (sales@trenttrading.ca) from rbennett@cannabislaw.ca
IP: 162.125.31.45



02 / 05 / 2024
10:23:49 UTC-4

Viewed by Hugh Waddell (sales@trenttrading.ca)
IP: 72.143.208.253



02 / 05 / 2024
10:24:12 UTC-4

Signed by Hugh Waddell (sales@trenttrading.ca)
IP: 72.143.208.253



02 / 05 / 2024
10:40:37 UTC-4

Viewed by Frank Bennett (bennett@ican.net)
IP: 24.114.62.13



02 / 05 / 2024
10:42:19 UTC-4

Signed by Frank Bennett (bennett@ican.net)
IP: 24.114.62.13



COMPLETED

02 / 05 / 2024
10:42:19 UTC-4

The document has been completed.