

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

B E T W E E N:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

**2011836 ONTARIO CORP., JEFFERSON PROPERTIES LIMITED
PARTNERSHIP, 1000162801 ONTARIO CORP., AMERICAN
CORPORATION and 1000199992 ONTARIO CORP.**

Respondents

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

SUPPLEMENTARY RESPONDING MOTION RECORD OF THE RESPONDENTS

May 24, 2024

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Barristers and Solicitors
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TO: SERVICE LIST

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Court File No. CV-23-00710795-00CL

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A.	Email from Bas Sinnathamb of USB Holdings Limited to Jerrold Marriot	May 21, 2024
B.	Surety letter of Prequalification to Traugott Building Contractors Inc. from Zurich Inusrnace Company Ltd.	April 8, 2024
C.	Email from Fansay Wang to Chen Tsung-Suit	May 21, 2024
	Email from Mr. Sinnathamb to Jordan Kupinsky	May 24, 2024

TAB 1

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**AFFIDAVIT OF USHA LAKSHMI NAIDU
(sworn May 24, 2024)**

I, Usha Lakshmi Naidu, of the City of Vancouver, in the Province of British Columbia,

MAKE OATH AND SAY:

1. I am the new sole shareholder of the Respondent, 2011836 Ontario Corp. ("**201 Corp.**"), which is the general partner of Jefferson Properties Limited Partnership ("**JPLP**"). I am also the sole officer and director of UBS Holdings Ltd. ("**UBS Holdings**"), which holds 100 LP Units in JPLP, and as such, I have personal knowledge of the matters to which I herein depose.
2. The contents of the within affidavit are from my own personal knowledge unless otherwise indicated, and where I have stated that I have obtained information from a third party as set out herein, I verily believe all such information to be true. All references to currency in this affidavit are references to Canadian dollars unless otherwise indicated.

3. I have reviewed the Supplemental Report to the Second Report of the Receiver dated May 1, 2024 (the “**Supplemental Second Report**”), in support of the Receiver, Albert Gelman Inc. (the “**Receiver**”), motion, *inter alia*, to increase the borrowing limit to \$31,500,000.00, and to disclaim 28 agreements of purchase and sale entered into between JPLP and home purchasers of freehold townhomes (the “**28 Purchase Agreements**”) in respect to the development project municipally located at 39, 53, and 67 Jefferson Side Road, Richmond Hill, Ontario (the “**Project**”) and the affidavit of Jerrold Marriot, sworn on May 22, 2024 (“**Marriot Affidavit**”), in support of the Receiver’s motion.

4. I have also reviewed the affidavits of Fengxi Fansay Wang sworn on March 2, 2024, April 1, 2024, and May 19, 2024 (collectively the “**Wang Affidavits**”) in response to the Receiver’s motion and agree with the position put forward by Mr. Wang.

5. I swear this present affidavit to advise the Honourable Court of UBS Holdings’ involvement and in response to the Marriot Affidavit. The purpose of this Affidavit is not to direct the manner by which the Receiver manages the Project but to advise of alternative and realistic solutions to ensure the Project is completed on an expedited schedule.

6. Contrary to the contention set out in the Marriot Affidavit, Mr. Wang is not affiliated with UBS Holdings. The fact is, for the past couple of months, I, along with my spouse, Bass Sinnathamb, a representative of UBS, have been in extensive discussions with Mr. Wang about the possible purchase of his shares in 201 Corp. since I see value in the development of the Project. Both I and Mr. Sinnathamb have more than 15 years of successful experience in the development and construction business in Canada. In this regard, we conducted my own independent investigation into the feasibility of completing the Project without unnecessary delay, including

contacting various construction managers who have relayed that it can be done without significant costs being incurred. On May 22, 2024, I acquired Mr. Wang's shares in 201 Corp. because I believe in the potential of the Project. In the same regard, UBS Holdings acquired 100 LP Units in JPLP.

7. I do not disagree with the Marriot Affidavit that UBS was given site access to the Project. I do, however, disagree with the Receiver's contention that the path to complete the Project requires the disclaiming of the 28 Purchase Agreements. After UBS Holdings' detailed examination of the site and Project details, I verily believe that the costs to complete the Project is substantially lower than the amount being requested by the Receiver. The Receiver's cost estimates are excessively high and do not properly account for the existing sub-contracts, which are integral to an accurate construction budget. The fact is, this overestimation will lead to unnecessary financial strain and project delays, which are avoidable with a more realistic budget and efficient project management.

8. In response to paragraph 8 of the Marriot Affidavit, I note that Mr. Sinnathamb, on behalf of UBS Holdings, had communicated two proposals to Mr. Marriot about the Project- neither of which have yet to be accepted. Attached hereto and marked as **Exhibit "A"** is a copy of the proposal sent by email from Mr. Sinnathamb to Mr. Marriot dated May 21, 2024. In this regard, Mr. Sinnathamb suggested that a commitment had been secured from a reputable surety company to provide a performance and cost overrun bond for the Project.

9. Contrarily, it now appears from the Marriot Affidavit that Cameron Stephens is taking the position it has no confidence in the credibility or viability of the proposals made.

10. In consideration of the above, I attach as **Exhibit “B”** a surety letter of Prequalification to the contractor Traugott Building Contractors Inc. from Zurich Insurance Company Ltd. This letter, provided to UBS Holdings by Traugott Building Contractors Inc., demonstrates an aggregate bonding facility of approximately \$500,000,000.00. UBS Holdings has been in communication with Traugott Building Contractors Inc., who have indicated their preparedness to act as the construction manager for the Project and provide a performance and cost overrun bond in the sum of \$15,000,000.00—a substantial reduction from the amount proposed by the Receiver.

11. I understand and verily believe that this proposal has also been presented to the other two secured lenders of the Project, namely Dragon Holdings Global Real Estate Funds SPC and Windsor Private Capital Limited Partnership. Attached hereto and marked as **Exhibit “C”** is a copy of Fansey Wang’s email to Chen Tsung-Sui at Dragon Holdings dated May 21, 2024, and Mr. Sinnathamb’s email to Jordan Kupinsky at Windsor Private Capital Limited Partnership dated May 23, 2024.

12. While I note the Receiver claims it is not its responsibility to source the financing of the development of the Project, USB Holdings is committed to obtaining DIP financing from a credible lender without delay to the Project to ensure the 28 Purchase Agreements are not disclaimed.

13. I also verily believe that the proposal to implement a new construction manager who is prepared to provide a performance and cost overrun bond is the most viable and financially sound solution to complete the Project without the necessity of disclaiming 28 Purchase Agreements. This approach ensures the Project can be completed without unnecessary delays and at a projected cost.

14. I swear this Affidavit in response to the Receiver’s pending motion, and for no other or improper purpose or delay.

SWORN by Usha Lakshmi Naidu of the City of Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on May 24, 2024, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)

Usha Lakshmi Naidu

KHALED GHEDDAI

EXHIBIT “A”

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF USHA LAKSHMI
NAIDU SWORN THIS 24 OF MAY 2024

A handwritten signature in blue ink, appearing to read 'K. Gheddai', written above a horizontal line.

A Commissioner for taking Affidavits

Khaled Gheddai

From: Bass Sinnathamb <calgarybass@gmail.com>
Date: May 21, 2024 at 4:52:15 PM PDT
To: Jerry Marriott <jerry.marriott@gmail.com>
Subject: Response to Option 1 and Option 2 for Cameron Stephens Debt Buyout

Hello Jerry,

I am still waiting for the documents and responses to come from Tarion and Dragons holdings. I will be away until May 29th to UK, meanwhile I like to update you on what we discussed

Response to Option 1: Buyout of Cameron Stephens Debt

Regarding the buyout option, I can confirm that the \$45 million figure referenced in previous correspondence is the net amount required to purchase the debt, including the DIP financing. This amount would be paid in full upon closing, and a vesting order would be obtained to transfer clear title of the project to my entity. Should you wish to sell the debt without a vesting order, then the amount will need to be discounted further. I can provide proof of sufficient personal assets (of our Guarantor), valued \$79 million that can be liquidated in a short time.

If Cameron Stephens finds this net purchase amount of \$45 million acceptable, subject to the vesting order, I am prepared to proceed with Option 1. However, I understand that your preference is to focus on Option 2, as discussed during our meeting.

Response to Option 2: Completion of the Project

- Funding for Construction Completion:** The cost to complete construction will be funded through a combination of equity investment from our resources. The cash flow projections, as provided at the meeting, assume an agreement that Cameron Stephens will accept \$45 million as their loan amount and will be paid interest until it is paid out from the sales. The construction funds we inject for Phase 1 will be repaid from sales proceeds over the existing first security loans, which will be revolved until the project is completed and the lenders are repaid from closing proceeds.
- Performance/Cost Overrun Bond:** I have secured a commitment from a reputable surety company to provide a performance and cost overrun bond for

the project. A draft of the bond agreement will be provided for your review

3. **Ownership of Jefferson Properties Limited Partnership:** I will provide a copy of the executed share purchase agreement establishing my ownership of Jefferson Properties Limited Partnership-Bill Freidman will be sending it over to you.
4. **\$5 Million Good Faith Deposit:** The \$5 million good faith deposit will be held in an escrow account with Fasken law firm.
5. **Tarion and Builder of Record:** I have initiated discussions with Tarion, and they have indicated their willingness to accept Jefferson Properties LP as the continuing vendor number for the project.
Grove Construction has been identified as both the Builder of Record and the Construction Manager. They have provided a letter of intent to enter into a fixed-price contract for the construction completion.
6. **Construction Manager Experience:** Grove Construction has extensive experience in managing the construction of stacked townhome projects. I will provide a detailed profile of their relevant experience and project references.
7. **Personal Financial Information:** I will provide comprehensive financial statements and supporting documentation to allow Cameron Stephens to evaluate the value of any personal covenant or guarantee I may provide, confirming my net worth of \$79 million as guarantor.
8. **Payment of Receiver Costs:** I propose that the costs incurred by the Receiver be shared between Cameron Stephens and Jefferson Properties LP. This approach ensures a fair distribution of these expenses.

I understand the importance of addressing these due diligence items thoroughly, and I am committed to providing the requested information promptly. Please let me know if you require any additional information or clarification.

Best regards,

Bass

EXHIBIT “B”

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF USHA LAKSHIMI NAIDU
SWORN MAY 24, 2024

A handwritten signature in blue ink, appearing to read 'K. Gheddai', written above a horizontal line.

A Commissioner for taking Affidavits
Khaled Gheddai



SURETY'S LETTER OF PREQUALIFICATION

TO: To Whom it May Concern

FROM: Zurich Insurance Company Ltd

CONTRACTOR: Traugott Building Contractors Inc.

PROJECT: Various Projects

We are the Surety for Traugott Building Contractors Inc. They have demonstrated to us in the past an ability to complete their projects in accordance with the conditions of their contracts, and we have no hesitation in recommending their services to you.

Traugott Building Contractors Inc. has in place an aggregate bonding facility of approximately \$500,000,000, which is not fully utilized at the present time.

It is our understanding that Traugott Building Contractors Inc. wishes to be prequalified as a tenderer on the above captioned projects. Based upon the limited information available to us at this time, and subject to our assessment of each project and our client's work program at the time of tender, we believe we can support our client's bid(s) and supply the requisite bond(s) if asked to do so.

Our decision to extend the required suretyship will be based on our underwriting of the contractor and project documents at the time of formal tenders.

Dated: April 8, 2024

Zurich Insurance Company Ltd

A blue ink handwritten signature, appearing to read 'Millie Macesic', is written over a horizontal line.

Millie Macesic, Attorney-In-Fact
Tel: (416) 488-2522


EXHIBIT “C”

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF USHA LAKSHIMI
NAIDU SWORN THIS 24 OF MAY 2024

A handwritten signature in blue ink, appearing to read 'K. Gheddai', written above a horizontal line.

A Commissioner for taking Affidavits

Khaled Gheddai

From: Steven Chen Stevenc@dragoninv.com 
Subject: Re: Request for Consent to Revive Jefferson Project
Date: May 22, 2024 at 7:49 AM
To: Fansey Wang fanseyw@grandgracedevelopment.com

SC

Dear Mr. Wang,

We acknowledge the change of ownership, and we support the reviving proposal.

Good luck.

Chen Tsung-Sui

Executive Partner

Dragon Holding Global Real Estate Fund

 Stevenc@dragoninv.com

 Taipei | HongKong | Shanghai | Los Angeles

On May 21, 2024, at 10:19 AM, Fansey Wang <fanseyw@grandgracedevelopment.com> wrote:

Dear Steven,

As you know, UBS Holdings Ltd. is acquiring 100% of the shares of the Jefferson Project with the intent to revive it from the receiver. We are currently negotiating with Cameron Stephen to continue the completion of the project. Cameron has requested that UBS Holdings obtain consent from all stakeholders.

Our approach aims to bring the project to a fair resolution that benefits most stakeholders. As the project currently stands, there is a significant risk of losing all of everyone's equity. Our primary goal is to minimize the damage for all involved and ensure a successful outcome.

We sincerely request your consent to proceed with reviving the Jefferson Project. Your support in this matter is crucial and would be greatly appreciated.

Thank you for your consideration, waiting for your earliest reply.

B. Rgds

From: Jordan Kupinsky <jordan.kupinsky@windsorgp.com>
Date: May 23, 2024 at 4:26:30 PM GMT+1
To: Bass Sinnathamb <calgarybass@gmail.com>
Subject: RE: Your consent

If you have a proposal that CS is supportive of we will gladly review and if it is as you have represented we should be supportive as well.

From: Bass Sinnathamb <calgarybass@gmail.com>
Sent: Thursday, May 23, 2024 11:16 AM
To: Jordan Kupinsky <jordan.kupinsky@windsorgp.com>
Subject: Re: Your consent

Jordon

If you think you will get paid from receiver then I understand, you know that probability is next to nil. It's your call.

Bass

Sent from my iPhone

On May 23, 2024, at 3:10 PM, Jordan Kupinsky <jordan.kupinsky@windsorgp.com> wrote:

You are welcome to buy our loan and speak as holder of the loan. Without a detailed understanding and proposal/commitment we are not prepared to formally support.

Jordan M. Kupinsky

Partner

Windsor Private Capital

22 St. Clair Avenue East, Suite 202

Toronto, Ontario M4T 2S5

tel: [416.972.1741](tel:416.972.1741)

cell: [416.489.6446](tel:416.489.6446)

Email: jordan.kupinsky@windsorgp.com

On May 22, 2024, at 7:56 PM, Bass Sinnathamb <calgarybass@gmail.com> wrote:

Jordon

Jordon

I am filing an affidavit to court and would like to get your consent stating that you would support me in reviving the project on the promise I will recover you money

Bass

Sent from my iPhone

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-and-

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**AFFIDAVIT OF USHA LAKSHMI NAIDU
(sworn May 24, 2024)**

**FRIEDMAN LAW
PROFESSIONAL CORPORATION**
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150 Ferrand Drive, Suite 800
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Lawyers for the Respondents

RCP-E 4C (May 1, 2016)