ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

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DATE: July 10, 2026
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TITLE OF PROCEEDING:

MORRISON FINANCIAL MORTGAGE CORPORATION
v.
(1000 & 1024 DUNDAS ST. E) GP INC. et al.

BEFORE: JUSTICE J. DIETRICH

PARTICIPANT INFORMATION

For the Moving Party(s):

Name of Person Appearing	Name of Party	Contact Info
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For Respondent(s):

Name of Person Appearing	Name of Party	Contact Info
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For Other(s):

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

[1] Albert Gelman Inc., in its capacity as court appointed receiver of AG (1000 & 1024 Dundas St. E.) GP Inc., AG (1000 & 1024 Dundas St. E.) LP and AG (1000 & 1024 Dundas St. E.) Inc. (collectively, the "**Debtors**"), including, the real property municipally known as 1000 Dundas Street East, Mississauga, Ontario ("**1000 Dundas**") and 1024 Dundas Street East, Mississauga, Ontario ("**1024 Dundas**", and together with 1000 Dundas, the "**Dundas Properties**") seeks an order:

a. authorizing the Receiver to terminate the lease agreement in respect of Unit 1 of 1024 Dundas (the "**AAM Lease**"), as between the Debtors, as landlord, and Ahmed Asset Management Inc. ("**AAM**"), as tenant;

b. requiring all Persons, including the principal of the Debtors, Mohammed Ahmed, and/or entities controlled by him, to remit to the Receiver all rents, deposits and/or other amounts received or owing in connection with the Dundas Properties and/or the Debtors;

c. requiring certain disclosure and production of information and documents to the Receiver by the Debtors and Mr. Ahmed;

d. approving the Second Report of the Receiver dated June 1, 2026 (the "**Second Report**") and the activities and conduct of the Receiver as described therein including the Receiver's Interim Statement of Receipts and Disbursements to May 31, 2026 (the "**Interim SRD**"), the Supplementary Second Report dated June 19, 2026 and the Second Supplementary Second Report dated June 30, 2026; and

e. approving the Receiver's fees and disbursements, and the fees and disbursements of the Receiver's independent counsel, as described in the Second Report.

[2] Defined terms used herein but not otherwise defined have the meaning provided to them in the factum of the Receiver filed for use on this motion.

[3] This matter was originally before me on June 9, 2026. At that time, I adjourned the hearing until today on the basis that counsel for AAM had not been served. A litigation schedule was also established in that endorsement.

Adjournment Requests

[4] The Debtors filed a responding affidavit of Mohammed Ahmed sworn June 12, 2026. No material was filed by AAM. The Debtors did not file a factum as set out in the established schedule. Rather they request an adjournment of today's relief on the basis that representatives of the Receiver and its counsel did not attend for cross-examination on their fee affidavits on June 26, 2026 and that Chawin Vajanopath, a representative of the applicant creditor did not attend for a continued cross-examination on June 26, 2026. The Debtors also say the Receiver's written answers to interrogatories were incomplete and the motion be adjourned so a full record can be before the Court.

[5] Mr. Vajanopath attended cross examined on June 25, 2026 for two hours. At the conclusion of the cross examination, it appears that there was a dispute about a construction lien registered by Ahmed Developments Inc. in that counsel Morrison refused to have her client answer questions on it as it was not addressed in Mr. Vajanopath's affidavit. Counsel for the Debtors concludes on June 25, 2026 by stating that based on that refusal he will be requesting an adjournment today (July 10, 2026).

[6] As for the non-attendance by a representative of the Receiver and its counsel, the Receiver, in its Second Supplementary Report indicated that an agreement had been reached between counsel such that the Receiver agreed not to cross examine Mr. Ahmed and in exchange the Debtors agreed not to examine representatives of the Receiver. After reaching that agreement, and the Receiver relying on that agreement to forgo cross-examining Mr. Ahmed, the Debtors changed their position and sought to cross-examine the Receiver representatives on June 26, 2026. Counsel for Debtors says the agreement was predicated on certain other things that never happened and therefore was not effective.

[7] Based on counsel to the Debtor's request, I am not persuaded that a further adjournment is appropriate, subject to one caveat noted below. Mr. Vajanopath was cross-examined for two hours. Although there was a dispute about one topic, it was clear from the transcript that counsel for the Debtors were contemplating asking for an adjournment of today approximately 15 days ago. No request for a 9:30 case conference was made so as to address the dispute. Rather, it was only yesterday afternoon, after the Commercial List Office requested the Debtors upload their factum to Case Center, that counsel for the Debtors replied to the Commercial List Office requesting today's hearing being converted to a case conference. That delay is not appropriate.

[8] Court time is scarce and last-minute requests to adjourn a two-hour motion are not routinely granted. Adjournment requests are addressed in the Consolidated Practice Direction – Toronto Region, Part G. Commercial List Matters (the "**Commercial List Practice Direction**") at section G.11. This portion of the practice directions requires that counsel come ready to proceed to where a hearing has been set as the Commercial List is generally a court of non-adjournment. Further, requests for adjournment are to be made at the earliest opportunity. The dispute, such as it is, should have been addressed two weeks ago when it was raised at the cross examination of Mr. Vajanopath. Counsel for the Debtors chose not to do so. That is not appropriate and not in compliance with the Commercial List Practice Direction.

[9] Additionally, I am not persuaded that the construction lien referenced in Mr. Vajanopath's transcript has any relevance to today's hearings. This is not a motion addressing the lien, distributions or priority of secured creditor claims. Accordingly, with one exception, I declined to grant the requested adjournment. The only exception is with respect to the approval of the fees and expenses of the Receiver and its counsel. Given the dispute about the agreement regarding cross-examination on these affidavits and the lack of urgency in that relief, as confirmed by the Receiver, I have agreed to adjourn only that portion of the relief.

[10] Following my decision to deny the Debtor's request for an adjournment, Mr. Cadagan for AAM appeared. Mr. Cadagan advised he is recently retained new counsel to AAM taking over from prior counsel, Mr. Singh. Mr. Cadagan also requested an adjournment on the basis that he wishes to complete and deliver responding material. As noted above, that was the basis for the June 9, 2026 adjournment where a schedule was set for the delivery of material. No material was delivered by AAM in accordance with that schedule. A further adjournment on the same basis of the previous adjournment is not appropriate. An opportunity to provide material was provided and it was not taken up.

[11] The Debtors also take the position that the relief should not be heard because the Debtors have commenced an appeal in respect of the Sale Process Approval Order made by Dunphy J. in this proceeding on April 1, 2026. For purposes of this motion, I accept the Receiver's submission that leave to appeal a sale process order is required under the *Bankruptcy and Insolvency Act* (see *AFC Mortgage Administration Inc. v. Sunrise Acquisitions (Elmvale) Inc*., 2024 ONCA 764). Accordingly, as leave is required, the commencement of an appeal does not result in a stay of the Sale Process Approval Order. Although the Debtors also delivered a motion seeking a stay pending appeal of that order on April 17, 2026. That motion has not yet been heard.

[12] In any event, I am of the view that the relief requested by the Receiver in the present motion is not dependent on the Sale Process Approval Order (although it is related to an eventual sale of the property). The relief related to the AAM Lease termination was specifically noted by Justice Dunphy in his endorsement of April 1, 2026 as a matter that was to be addressed later. The relief is separately grounded in provisions of the Receivership Order, which is not subject to appeal. Accordingly, I do not see the potential appeal of the Sales Process Approval Order as a matter which should prevent the hearing of this motion.

Background

[13] The Debtors were real estate developers operating in the Greater Toronto Area, whose only known material assets are the Dundas Properties. Each of the Dundas Properties comprises a one-storey commercial building. There are approximately 44 tenants at 1000 Dundas, while there is only one tenant at 1024 Dundas, namely AAM. AAM is related to Mr. Ahmed and the Debtors.

[14] The Receiver was appointed by the Court by Order dated December 17, 2025 (the "**Receivership Order**") at the request of it's primary secured creditor, Morrison.

[15] On April 1, 2026, the Court issued an Order, among other things, approving the Receiver's proposed Sale Process for the Dundas Properties (the "**Sale Process Approval Order**").

[16] According to the Second Report, the Debtors delivered a notice of appeal of the Sale Process Approval Order on April 9, 2026. Further, the Debtor delivered motion material on April 17, 2026, among other things, seeking a stay of the Sale Process Approval Order, however, as noted above that motion has not yet been scheduled.

[17] Since the granting of the Sale Process Approval and Ancillary Relief Order, the Receiver, with the assistance of CBRE Limited (the "**Broker**") and counsel, has taken steps to advance the Sale Process and administer the Dundas Properties. In doing so, the Receiver has encountered various challenges arising from, among other things: unresolved occupancy and rent issues concerning AAM; incomplete financial disclosure; post-filing rent-collection issues; and a lack of cooperation from Mr. Ahmed/entities that he controls.

[18] As of April 1, 2026, the Receiver, through the property management firm Richmond Advisory Services Inc. ("**Richmond**") assumed property management functions for the Dundas Street Properties. As described in both the Second and First Report of the Receiver, the Receiver has various concerns regarding the tenancy arrangements relating to the AAM Preemies. There is a written AAM Lease in place dated January 1, 2025. Mr. Ahmed has advised the Receiver that AAM has not paid rent pursuant to the AAM Lease in accordance with a purported longstanding set-off arrangement whereby AAM provided property management services in exchange of occupancy rent. This arrangement was not documented in the existing AAM Lease. Accordingly, the Receiver, through its counsel, on April 8, 2026 demanded payment of rent since the appointment of the Receiver in the amount of approximately $96,000. That rent has not been paid.

[19] The Receiver also expressed concerns in the Second Report with AAM, through Mr. Ahmed, interfering with various site inspections as part of the Sale Process and has failed to provide keys to the AAM Premises to the Receiver.

[20] As well, despite tenants being directed to pay the Receiver rent directly, rent payable by certain tenants at 1000 Dundas for April 1, 2026 was automatically withdrawn pursuant to pre-receivership payment arrangements established through the Debtors' payment processor, YardiBreeze. YardiBreeze advised that a total of approximately $57,313 had been withdrawn from tenants pursuant to those arrangements. Of this amount, approximately $46,146 was successfully reversed and returned to the tenants. The remaining $11,166 (the "**Residual April Rents**") could not be recovered, as those funds had already been transferred to AAM or another entity controlled by Mr. Ahmed prior to the Receiver's intervention. The Receiver subsequently requested on May 4, 2026 that Mr. Ahmed remit the Residual April Rents to the estate; however, no remittance has been received and Ahmed has not provided a substantive response to the Receiver's request.

[21] Further, the lease agreements for active tenants at the Dundas Properties require tenants to remit last month's rent deposits and security deposits (collectively, the "**Tenant Deposit Funds**"). The executed lease agreements reflect approximately $111,000 in Tenant Deposit Funds collected from tenants at 1000 Dundas. Several tenants whose leases have terminated have requested information on their security deposits and last months' rent and access to such funds. The Receiver has made repeated inquiries of the Debtors and Mr. Ahmed regarding the status and location of the Tenant Deposit Funds and has directed that all such funds outstanding be immediately remitted to the Receiver. In Mr. Ahmed's responding affidavit he states that the Tenant Deposit Funds were used in operations, however, no support for that statement was provided.

[22] The Receiver has also requested, but not received certain financial information from Mr. Ahmed including: the bookkeeping file reconciled beyond March 28, 2024 for the Debtors and all of the Debtors' bank statements for the past three (3) years.

Issues

[23] The issues to be determined on this motion are whether this Court should

a. authorize the Receiver to terminate the AAM Lease;

b. order all Persons including Mr. Ahmed, the Debtors and any entities controlled by Mr. Ahmed to remit all rents, tenant deposits and other estate property owing to the Debtors and/or the Dundas Properties;

c. order Mr. Ahmed and the Debtors to produce the books, records, financial information and other documents requested by the Receiver; and

d. approve the Second Report and the activities of the Receiver described therein including the Interim SRD.

Analysis

[24] In considering a Receiver's request to terminate a related parties lease, a number of issues need to be considered. First, a court-appointed receiver is generally not bound by contracts entered into by the Debtor prior to its appointment, unless the contract has been adopted by the Receiver: see *Bank of Montreal v. Scaffold Connection Corp*., 2002 ABQB 706 at para. 11. Further, paragraph 3(c) of the Receivership Order provides the Receiver with the power to manage and carry on the business of the Debtors, which includes the power to "cease to perform any contracts of the Debtors". The AAM Lease is a contract of the Debtors.

[25] Courts have authorized a Receiver to terminate a related party lease where the Debtor is the landlord after considering the equities involved: see *Business Development Bank of Canada v. Blugo Enterprise Inc*., 2022 ONSC 5108 (CanLII) [Blugo] at para 71 and *Meridian Credit Union Ltd. v. 984 Bay Street Inc*., 2006 CanLII 26476 (ON SC) at para 20. Factors considered include where the tenant has failed to pay rent, where the existence of the lease has impaired the Receiver's ability to market and sell the property, where prospective purchasers have viewed the lease negatively and the terms of the written lease (if any).

[26] In the present circumstances, I accept the Receiver's submissions that the equities support termination of the AAM Lease as:

a. it is a non arm's-length lease between related parties;

b. AAM has not paid rent under the AAM Lease despite it being a contractual term of the AAM Lease;

c. Mr. Ahmed's claims of the alleged set-off arrangement between AAM and the Debtors regarding rent is inconsistent with the written AAM Lease;

d. the Receiver has conferred with the Broker engaged pursuant to the Court approved Sale Process, and the Broker believes that the AAM Lease constitutes an impediment to its ability to effectively market and sell the Dundas Properties in a manner that would maximize value for creditors; and

e. the AAM Lease itself provides the landlord with contractual remedies in the event of default, including rights of re-entry and termination arising from non-payment of rent.

[27] The Debtors state that they have received expert opinion evidence that the property is more valuable with tenants than without. In that regard they refer to an email exchange with Scot Morris of Colliers. Mr. Ahmed asks Mr. Morris if his view was that the property value would "increase or decrease if the properties were entirely vacant versus currently tenanted". In response, Mr. Morris states that "based on the type of asset and the income it is currently generating, I'd suggest its worth more as currently tenanted. I feel as though the property appeals far more as an investment asset compared to an owner user asset."

[28] I have a number of concerns with the reliance on this statement as evidence that the property is more valuable with the AAM Lease than without. First, the statement does not refer to the AAM Lease (under which no rent is being paid), rather it is much more general statement about income production. Second, Mr. Morris did not attend to be cross examined on the statement when provided notice of examination by the Receiver's counsel.

[29] I am also not persuaded, as submitted by counsel to AAM that section 19(2) of the *Commercial Tenancies Act* applies in the context of a receivership. In any event, AAM has been given sufficient notice of the request to terminate in these circumstances.

[30] Finally, I am note persuaded that the Receiver should be prevented from collecting rent from AAM because Morrison should have known that AAM was not paying rent in cash prior to the Receivership. The evidence is not that Morrisson was not aware of AAM failing to pay rent. Counsel for AAM says Morrison had bank statement available to it which would show otherwise, but that does not mean that Morrison knew rent was not being paid and consented to that arrangement. Further, the Receiver is not Morrison.

[31] Accordingly, I grant the relief requested by the Receiver with respect to the termination of the AAM Lease. However, as discussed during today's hearing, I am not persuaded that a 10-day notice period is reasonable. Counsel for AAM suggested 3 months. That appears excessive. In the circumstances, after taking into account the relevant periods under the *Commercial Tenancies Act* and the AAM Lease as benchmarks (which together provide 20 days), I am satisfied that a period of 30 days to vacate the premises is reasonable in the circumstances.

[32] With respect to the request by the Receiver for an order that all Persons, including Mr. Ahmed and related parties provide the Tenant Deposit Funds or other Property (including keys) to the Receiver, this is consistent with the existing terms of the Receivership Order and is

appropriate, taking into account the revised language in the Order as discussed at today's hearing.

[33] Similarly, since its appointment, the Receiver has repeatedly requested financial records and information from Mr. Ahmed and the Debtors in order to carry out its mandate. Despite those requests, key information remains outstanding, including bookkeeping records, historical bank statements. The order requested, as modified during today's hearing, to produce such information to the extent it is in the possession of those persons, is also consistent with the Receivership Order and is appropriate.

[34] Finally, the request to approve the Second Report is not unusual and there are good policy and practical reasons for doing so: see *Triple-I Capital Partners Limited v 12411300 Canada Inc*, 2023 ONSC 3400 at para 66. I have considered the factors set out in that case, and various complaints raised by the Debtors. In this regard, I echo Dunphy J.'s comments in his endorsement of April 1, 2026 at para 5 and 6. As well, the draft order provided contains the typical language that only the Receiver is entitled to rely on the approval.

[35] Order to go in the form signed by me this day with immediate effect.

Justice J. Dietrich

Date July 10, 2026.