

Court File No. CV-22-00685200-00CL

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

*IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended*

B E T W E E N:

**PRICEWATERHOUSECOOPERS INC.**

(solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

Applicant

and

**NORTHERN CITADEL CAPITAL INC., ONE8ONE DAVENPORT INC. and 181 DAVENPORT RETAIL INC.**

Respondents

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**BRIEF OF RULE 39.03 EXAMINATION MATERIALS**

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October 28, 2022

**HENEIN HUTCHISON LLP**

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Lawyers for the Respondents

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1	Notice of Examination dated October 14, 2022
2	Order of Chief Justice Morawetz dated October 25, 2022
3	Written Response to Interrogatories by David Sharpe dated October 26, 2022

**Tab 1**

Court File No. CV-22-00685200-00CL

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Respondents

**NOTICE OF EXAMINATION**

TO: David Sharpe

YOU ARE REQUIRED TO ATTEND:

Neesons Court Reporting (unless otherwise agreed to by counsel)

at the following location:

77 King Street West, Suite 2020, Toronto, ON

on October 19 or 20, 2022 (whichever is agreed to by counsel) for:

Examination under Rule 39.03 of the *Rules of Civil Procedure*

If you object to the method of attendance, you must notify the other parties or their lawyers. If you and the other parties cannot come to an agreement on the method of attendance, one of the parties must request a case conference for the court to make an order under Rule 1.08(8).

YOU ARE REQUIRED TO PRODUCE at the examination the documents mentioned in subrule 30.04(4) of the *Rules of Civil Procedure*, and the following documents and things:

1. All original documents including any sound recording, videotape, film, photograph, chart, graph, map, plan, survey, book of account and information recorded or stored by means on any device in your possession, control or power which are relevant to any matters in issue in this proceeding and a list of all documents over which you claim privilege.

October 14, 2022

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**AND TO: PRICEWATERHOUSE COOPERS INC.**

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Court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds

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Proposed Receiver

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Lawyers for Mizrahi Inc. and 2495159 Ontario Inc.

**AND TO: DEPARTMENT OF JUSTICE (CANADA)**  
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Diane Winters  
diane.winters@justice.gc.ca

**AND TO: HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF ONTARIO  
AS REPRESENTED BY THE MINISTER OF FINANCE  
INSOLVENCY UNIT**  
6th Floor, 33 King Street West  
Oshawa, ON L1H 8H5

Tel: (905) 433-5657



B-1-147

Leslie Crawford  
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Insolvency Unit  
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B-1-102

ATERHOUSECOOPERS INC

-and-

NORTHERN CITADEL CAPITAL INC

B-1-1

Court File No. CV-22-006852

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

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF EXAMINATION**

**HENEIN HUTCHISON LLP**

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B-1-1

**Tab 2**



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CHIEF JUSTICE G.B. MORAWETZ

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)  
)

TUESDAY THE 25<sup>th</sup> DAY OF  
OCTOBER, 2022

BETWEEN:

**PRICEWATERHOUSECOOPERS INC.**

(solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

Applicant

and

**NORTHERN CITADEL CAPITAL INC., ONE8ONE DAVENPORT INC. and 181 DAVENPORT RETAIL INC**

Respondents

**ORDER**

**THIS MOTION** brought by the Respondents for an Order granting leave to the Respondents to examine the non-party David Sharpe under Rule 39 of the *Rules of Civil Procedure* by way of written interrogatories was read this day at 330 University Avenue, Toronto.

**UPON READING** the letter from the Respondents dated October 24, 2022, advising that the Applicant take no position with respect to the relief requested,

1. **THIS COURT ORDERS** that the Respondents are granted leave to examine David Sharpe under Rule 39 of the *Rules of Civil Procedure* by way of written interrogatories.
2. **THIS COURT ORDERS** that the summons to David Sharpe to appear as a non-party witness pursuant to Rule 39 is satisfied by David Sharpe responding to the written

interrogatories served by the Respondents and any follow-up questions by the Applicant.

3. **THIS COURT ORDERS** that David Sharpe is hereby compelled to provide responses to the written interrogatories by October 25, 2022.
4. **THIS COURT ORDERS** that upon receipt of David Sharpe's responses on October 25, 2022, the Applicant may ask follow-up questions by 10:00 a.m. EDT on October 26, 2022, and that David Sharpe is hereby compelled to provide responses to those questions by October 27 at 5:00 p.m. EDT.



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Chief Justice G.B. Morawetz

**Tab 3**

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**NORTHERN CITADEL CAPITAL INC., ONE8ONE DAVENPORT INC. and 181 DAVENPORT RETAIL INC**

**WRITTEN RESPONSE TO INTERROGATORIES**

**BY DAVID SHARPE**

*David Sharpe provides the following answers to the written interrogatories posed by the Respondent. These responses are made to the best of his current recollection and knowledge.*

1. Did Bridging Capital Inc. advance approximately \$25 million (excluding interest and costs) to Northern Citadel Capital Inc. for the Mizrahi development at the corner of Hazelton and Davenport (the “Davenport Project – NCCI Loan”)? **YES**
2. In 2016, did Sam Mizrahi approach Bridging to obtain financing for a different Mizrahi development at One Bloor (the Southwest corner of Yonge and Bloor)? **YES**

3. Can you confirm that the financing for the One Bloor project was for two purposes:
  - a. Improvement to the retail space at 181 Davenport road to transform it into the presentation gallery for One Bloor and **YES**
  - b. The purchase by a 249 Inc. of the real property at 14 Dundonald Street to be dedicated as park lands as part of the One Bloor Project? **YES**
4. Was the new financing for One Bloor originally going to be documented in a new agreement? **YES**
5. Did Bridging ask that this new financing for One Bloor be documented through the amendment of the existing agreement with respect to the Davenport Project – NCCI Loan? **YES**
6. Did BFI advance \$6,556,000 to the One Bloor project broken down as follows:
  - a. \$2,500,000 was to be used for improvements to One Bloor **YES**
  - b. \$4,000,000 to be used to purchase the Dundonald Property. **YES**
  - c. Remaining for legal fees. **YES**
7. For the purposes of this new loan to One Bloor, 249 and Mizrahi Inc. were added as borrowers by way of an amendment to the NCCI loan documents (See Exhibit “G” to Tyler Ray Affidavit Supplementary Affidavit). **YES**

Was it your understanding that upon repayment of the Bloor Related Financing, 249 and Mizrahi Inc. would be released as Borrowers? **YES**

8. The security that Bridging obtained with respect to the new financing for One Bloor was:
  - a. The property at 14 Dundonald Property; **YES**
  - b. A security at 181 Retail; **YES**



c. The Accounts (minus third party expenses) on the sales at One Bloor.  
**YES**

Can you confirm that this security was only with respect to the One Bloor financing? **YES**

9. Did Bridging obtain any new security for the Davenport Project -NCCI Loan at this time? **NO**
10. Review Exhibit "C" to Sam Mizrahi's affidavit. This is when the 14 Dundonald Property was being transferred to the City of Toronto and the loan to Bridging had to be repaid. Sam Mizrahi writes on July 9th "You should be in funds today for both the 14 Dundonald discharge and the presentation gallery".

Do you agree that it was Bridging's understanding that upon the repayment on or about July 9<sup>th</sup>, the security for both 14 Dundonald and the security on 181 Davenport were to be discharged? **YES**

11. Can you confirm that at the time of the repayment of the loan, the parties were under time pressure to transfer the 14 Dundonald Property to the City? **YES**
12. If the answer to question 11 is yes, then can you confirm that as a result the discharge of the security on 14 Dundonald became the priority? **YES**
13. Was it the intention of Bridging to also discharge the security on 181 Davenport at the same time? **YES**
14. Did you or another person at Bridging who had the authority to bind the corporation give instructions to Phil Taylor to discharge the security on 181 Davenport? **GRAHAM MARR GAVE PHIL TAYLOR INSTRUCTIONS**

ATERHOUSECOOPERS INC

-and-

NORTHERN CITADEL CAPITAL INC

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