



SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-25-00741044-00CL DATE: July 25, 2025

NO. ON LIST: 4

TITLE OF PROCEEDING: CHIEF EXECUTIVE OFFICER OF THE FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO v. SUSSMAN MORTGAGE FUNDING INC. et al.

BEFORE: JUSTICE J. DIETRICH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

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Stephen Nadler	Lawyer for Non-Party, Michael Stein	sn@friedmans.ca
Jay Teichman	Investor	jay@jayteichman.com

ENDORSEMENT OF JUSTICE J. DIETRICH:

[1] By endorsement of June 25, 2025 I schedule a hearing today to address two matters.

Motion 1: Receiver's Motion to Amend the Receivership Order

[2] A motion was brought by the Receiver seeking amendments to the Receivership Order I granted on May 2, 2025. These amendments included removing the cap on its fees (which were intended for the initial period) and increasing its powers to permit the Receiver to pursue its proposed course of action as outlined in the First Report and Supplemental Report.

[3] The Receiver filed a Second Supplemental Report to the First Report on July 23, 2025 (the "**Second Supplement**").

[4] Following discussions with Representative Counsel and other stakeholders, the Receiver has amended the requested form of amended order to reflect a cap on the Receiver's Charge of \$850,000. Certain other amendments have been made at the request of various parties, such that there is no opposition to the revised form of amended receivership order now being sought by the Receiver.

[5] In the circumstances, including having regard to the estimated future costs set out in the Second Supplement, the amendments requested to the Receivership Order are approved.

[6] The Receiver also requests a further hearing be scheduled to address next steps in the Receivership. The exact nature of the relief to be sought is being developed by the Receiver at this time. That motion is scheduled for **2 hours at 10:00 am on September 10, 2025 (virtually)**.

Motion 2: Stein Motion regarding S-26 and S-27 Mortgages

[7] At the hearing on June 25, 2025, Mr. Stein sought certain relief regarding mortgages referred to as S-26 and S-27 in the material. In essence, he advised that his client wishes to pursue enforcement rights under those mortgages, which he takes the position are not properly included in the receivership proceeding. No motion material had been delivered at that time.

[8] Mr. Stein delivered a motion on July 8, 2025 (the "**Stien Motion**") and now seeks an order:

- a. declaring that the S-26 Mortgage and the S-27 Mortgage (each as defined in the Stein Motion) do not form part of the Property;
- b. requiring the Receiver to notify the mortgagors of the S-26 Mortgage and the S-27 Mortgage of same and directing the mortgagor to make all payments regarding the S- 26 Mortgage and the S-27 Mortgage to Olympia Trust Company;
- c. requiring the Receiver to forthwith deliver (without deduction) all monies it has received, and may in the future receive, in respect of the S-26 Mortgage and the S-27 Mortgage, to Olympia;
- d. as alternative relief regarding S-26 (i), declaring that Olympia holds an undivided 39.2% interest in the S-26 Mortgage in trust for Stein's RRSP ("**Stein's 39.2% Beneficial Interest**"), and that Stein's 39.2% Beneficial Interest does not form part of the Property of the Respondents under the Appointment Order and is, therefore, not subject to the Respondents' receivership herein; and (ii) requiring the Receiver to forthwith deliver (without deduction) 39.2% of all monies it has received, and may in the future receive, in respect of the S-26 Mortgage, to Olympia on account of Stein's 39.2% Beneficial Interest.

[9] Representative Counsel filed an Aide Memoire in respect of the Stein Motion and requested an adjournment of that motion.

[10] Mortgage S-27 is a Charge/Mortgage registered on title to the property municipally known as 1026 Green Street, Innisfil (Lefroy), Ontario on May 21, 2024 as Instrument No. SC2056785 in the principal amount of \$290,000. The registered Mortgagee on the S-27 Mortgage is Olympia Trust Company. On its face, the S-27 Mortgage is held by Olympia Trust Company in trust for both Mr. Stien and Jay Teichman. The Mortgagor is Maeswaran Subramaniam.

[11] An Investor Agreement was also signed by Mr. Stein with SMFI on April 9, 2024. That agreement, appears to relate to the S-27 Mortgage, however, it references a mortgage registered in the name of SMFI (not Olympia Trust Company). The Investor Agreement provides that SMFI will administer the S-27 Mortgage and receive as remuneration 6% of the interest received by Mr. Stein.

[12] Mr. Stein takes issue with the effectiveness of the Investor Agreement, but agrees that SMFI was the mortgage administrator of Mortgage S-27. However, Mr. Stein takes the position that on March 31, 2025, SMFI was terminated as mortgage administrator.

[13] Mortgage S-26 is slightly more complex. Mortgage S-26 is a Charge/Mortgage registered on title to the property municipally known as 1345 Bardeau Street, Innisfil, Ontario on June 23, 2023 as Instrument No. SC1988664 in the principal amount of \$600,000. The Mortgagees under the S-26 Mortgage were originally both SMFI as to a 60.08% interest and Olympia Trust Company for the remainder. However, on October 31, 2023 a transfer of charge was registered, transferring SMFI's 60.08% interest in the S-26 Mortgage to Olympia Trust Company.

[14] An Investor Agreement was also signed by Mr. Stein with SMFI on May 22, 2023. That agreement, appears to relate to the S-26 Mortgage. The Investor Agreement provides that SMFI will administer the S-26 Mortgage and receive as remuneration 6% of the interest received by Mr. Stein. Like with the S-27 Mortgage, Mr. Stein takes issue with the effectiveness of the Investor Agreement, but agrees that SMFI was the mortgage administrator of Mortgage S-26. However, Mr. Stein takes the position that on March 31, 2025, SMFI was terminated as mortgage administrator.

[15] Although the Receiver does not oppose the majority of the relief sought with respect to the S-27 Mortgage, the Receiver notes there are other investors in Mortgage S-26 and does object to the relief sought in that respect.

[16] The Receiver notes that based on the books and records of SMFI which it has reviewed to date (which it has stated incomplete), it appears that Mortgage S-27 is the only mortgage of its type where it was solely registered by Olympia Trust Company but brokered and administered by SMFI. There are other mortgages where both Olympia and SMFI are registered mortgagees.

[17] Mr. Teichman appeared for himself at the hearing and made submissions about how SMFI brokered and administered the mortgages. However, he did not submit an affidavit and his submissions are not evidence.

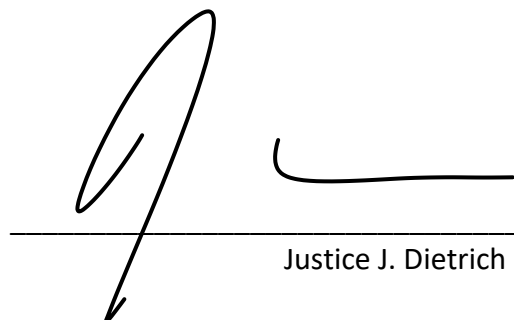
[18] Based on the wide definition of Property contained in the Receivership Order, both S-26 and S-27 Mortgages meet that definition – in that they were used in relation to the business carried on by the Respondents. However, I am not prepared to dismiss Mr. Stein's motion.

[19] My concern with granting Mr. Stein's motion at this stage however, is, as submitted by Representative Counsel, it is premature. It is not clear that there are not other similarly situated investors. I am concerned that granting Mr. Stein's relief will lead to piecemeal litigation.

[20] I am sympathetic to Mr. Stein and Mr. Teichman, but I am also sympathetic to all of the other investors and I am concerned about treating Mr. Stein and Mr. Teichman differently.

[21] Accordingly, as discussed at today's hearing, I have adjourned Mr. Stein's motion and scheduled a case conference for **August 15, 2025 for 12:30 (for 60 minutes)**. The intent of the case conference to address a process for determining whether or not there are other similarly situated investors and how Mr. Stein's motion should be scheduled for hearing. Aide memoires should be uploaded to Case Center no later than August 13, 2025.

[22] In the meantime, as the Receiver confirmed during today's hearing, it is expected that the Receiver will communicate with counsel for Mr. Stein and Mr. Teichman regarding the status of the relevant mortgages.



Justice J. Dietrich

Date: July 25, 2025