

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**CHIEF EXECUTIVE OFFICER OF THE FINANCIAL SERVICES
REGULATORY AUTHORITY OF ONTARIO**

Applicant

and

**SUSSMAN MORTGAGE FUNDING INC., 2486976 ONTARIO INC.
and 1981361 ONTARIO INC.**

Respondents

AIDE MEMOIRE OF MICHAEL STEIN

(Receiver's Motion – October 28, 2025, at 11:00 a.m.)

1. In July 2025, Michael Stein brought a motion to remove the "S27" and "S26" mortgages from the ambit of SMFI's receivership and to permit the sole mortgagee of both mortgages, Olympia Trust, and the sole beneficial owners of the mortgages (who funded the loans from their registered accounts at Olympia Trust), to enforce their mortgages and to receive all proceeds thereof (without deduction), which should be their right.
2. As to the "S27" mortgage - Sussman Mortgage Funding Inc. ("SMFI") never held any registered interest in the mortgage. That mortgage was always and only held by Olympia Trust, as sole mortgagee, in trust for Mr. Stein's and Jay Teichman's registered accounts at Olympia Trust. The loan monies were advanced by Olympia Trust and funded by Stein and Teichman, in exchange for which, they received their registered mortgage as security for their loan.

3. As to the “S26” mortgage, Olympia Trust has at all times held a 39.2% interest in the mortgage in trust for Mr. Stein’s registered accounts. Although SMFI originally held the remaining 60.8% interest in the mortgage, on October 31, 2023, SMFI transferred its 60.8% interest to Olympia Trust (in trust for Jay Teichman’s and Bruce Roberts’ registered accounts). There is no issue that SMFI lawfully transferred its said partial interest in the mortgage to Olympia, and that SMFI received payment in full of the required amount (\$303,000) for its said transfer of interest. Therefore, since October 31, 2023, Olympia Trust has been the sole registered mortgagee, and SMFI ceased holding its partial registered interest in the mortgage after its partial interest was fully paid out.

4. On August 15, 2025, a case conference was held before Justice Dietrich regarding Mr. Stein’s motion. The Receiver confirmed again that it did not oppose Stein’s motion concerning the S27 mortgage (except for the entitlement to \$5,706 in mortgage payments received by the Receiver from the borrower). As to Stein’s motion concerning the S26 mortgage, the Receiver submitted that a claims process should take place first, following which, it would know for certain whether or not any other investor has a claim to an interest in the S26 mortgage.

5. In the endorsement made at that case conference, Her Honour ordered that:

- (a) Stein’s motion relating to the S27 mortgage (except for the issue of entitlement to the \$5,706 in mortgage payments received by the Receiver), be heard on September 10, 2025; and
- (b) Stein’s motion relating to the S26 mortgage (and entitlement to the said \$5,706) be adjourned to a date to be scheduled following completion of a claims process in the receivership.

6. Pursuant to that endorsement, Stein's motion regarding the S27 mortgage was heard on September 10, 2025. By order of Justice Dietrich on that date:

- (a) the motion regarding the S27 mortgage was granted, and the Receiver was required to direct the borrower to make all further mortgage payments to Olympia Trust, and to pay the Receiver a cash reserve of \$40,000, the entitlement to which cash reserve would be determined in the future; and
- (b) the entitlement to the \$5,706 in mortgage payments would also be determined in the future.

7. Two weeks later, on or about September 24, 2025, the borrower paid out both the S27 and S26 mortgages. In that regard:

- (a) the monies to pay out the S27 *mortgage* were delivered to Olympia Trust pursuant to the said order, and the Receiver was paid the \$40,000 cash reserve; and
- (b) All of the monies to pay out the S26 *mortgage* were sent to the Receiver. Those monies, totaling \$544,248, comprised the following:
 - (i) \$509,501 in principal and interest;
 - (ii) \$23,220 for the Receiver's legal costs; and
 - (iii) \$11,527 for Mr. Stein's legal costs (which the Receiver has since forwarded to Mr. Stein's lawyers).

8. As indicated, Mr. Stein's motion regarding the S26 mortgage remains pending before the court. In that motion, Mr. Stein seeks an order requiring the Receiver to deliver all monies it has received regarding that mortgage, to Olympia Trust. That would include the \$509,501 it has received for principal and interest owing under the mortgage, as well

as \$4,918 in mortgage payments that the Receiver has also received regarding the S26 mortgage. Mr. Stein maintains that the Receiver is holding those monies in trust for the legal and beneficial owners of the S26 mortgage (being Olympia Trust and Stein/Teichman/Roberts).

9. In the alternative in his pending motion, Mr. Stein also seeks an order requiring the Receiver to immediately deliver up 39.2% of all such monies as Mr. Stein has at all times held a 39.2% beneficial interest in the mortgage ever since its inception (which he funded from monies in his RRSP and TFSA), and the Receiver does not have a claim to Stein's 39.2% ownership interest.

10. According to Appendix F to the Receiver's Second Report dated October 15, 2025 (**Tab A**), the Receiver has cash on hand totaling \$1,350,310. However, those monies include (in part):

- the \$509,501 for principal and interest paid as part of the S26 mortgage payout;
- \$4,918 in S26 mortgage payments previously received by the Receiver;
- \$5,706 in S27 mortgage payments received by the Receiver; and
- the \$40,000 cash reserve payment regarding the S27 mortgage. (Pursuant to Justice Dietrich's order dated September 10, 2025, the entitlement to those funds is to be determined in the future by agreement of the parties or further order.)

11. The entitlement to the foregoing funds is the subject of Mr. Stein's pending motion before the court, which has been adjourned to a date to be scheduled after a claims process has been completed in the receivership. Accordingly, those funds need to be segregated and preserved by the Receiver pending the outcome of that motion, and the

Receiver's motion returnable October 28, 2025 should not prejudice or impact Stein's pending motion concerning those funds.

12. It must be noted that, since the Receiver received the \$40,000 cash reserve regarding S27, there is absolutely no reason why the Receiver is still holding the \$5,706 in mortgage payments it had received regarding S27.

13. Stein and Teichman are also very anxious to receive repayment of their S26 mortgage loan monies being held by the Receiver, that they funded from their registered accounts at Olympia Trust. However, Stein is prevented from scheduling the hearing date of his pending motion until after a claims process is completed in the receivership.

14. At the aforesaid case conference held on August 15, 2025, the Receiver's counsel advised that they would be undertaking the claims process in short order, likely in September or October 2025. Yet, according to paragraph 81 of the Receiver's Second Report (**Tab B**), no steps have been taken to even design a claims process, and the Receiver is now recommending that it complete a detailed financial review (that will undoubtedly take a long time) before embarking on any claims process.

15. It should also be noted that the Receiver has previously issued 4 reports (a First Report and 3 supplemental reports) detailing its findings regarding the S26 mortgage, and the *Land Titles Act*, *Mortgages Act* and case law all make it clear that the S26 mortgage monies belong to their registered owners.

October 24, 2025

FRIEDMANS LLP
Stephen C. Nadler (LSO #37946G)
sn@friedmans.ca / Tel: 416-649-4466
Lawyers for Michael Stein

COURT FILE No. CV-25-00741044-00CL

IN THE MATTER OF THE RECEIVERSHIP OF
SUSSMAN MORTGAGE FUNDING INC., 2486976 ONTARIO
INC., and 1981361 ONTARIO INC.

Statement of Interim Receipts and Disbursements
for the period May 2, 2025 to September 30, 2025

Account: Sussman Mortgage Funding Inc.

Receipts

| | |
|--------------------------------|------------------|
| Mortgage payout - B-95 | 808,193 |
| Mortgage payout - S-26 | 584,248 |
| Legal costs of receiver - S-26 | 23,220 |
| Cash in bank | 7,086 |
| Mortgage receipts - S-27 | 5,706 |
| Mortgage receipts - S-26 | 4,918 |
| Commission cheque | 2,041 |
| Interest | 601 |
| Total Receipts | 1,436,013 |

Disbursements

| | |
|--------------------------------|---------------|
| Valuation services - B-95 | 30,000 |
| Legal costs of receiver - S-26 | 23,220 |
| Legal costs - M. Stein re S-26 | 11,527 |
| Data collection & preservation | 8,394 |
| Former employee + accountant | 5,328 |
| Administrative disbursements | 1,300 |
| Transfer to 1981361 Ont Inc. | 451 |
| Operating expenses | 161 |
| Filing fee | 84 |
| Bank charges | 41 |
| HST paid | 5,197 |
| Total Disbursements | 85,704 |

| | |
|-------------------------|------------------|
| Net Cash Balance | 1,350,310 |
|-------------------------|------------------|

Claims Process and Distribution

81. As set out in the First Supplement, the Receiver proposes to work with Representative Counsel and other stakeholders to design a claims process to allow Investors to prove claims against the estate at the appropriate time. While Receiver believes it would be useful to complete the financial review discussed above before assessing claims, the design of the claims process can proceed immediately.
82. The Receiver also expects that an interim distribution will be appropriate in the next 12 months, although the exact timing of the distribution will depend on a number of factors, including amounts realized by the Receiver, the outcome of a claims process and the determination of a method to allocate costs. The Receiver will continue to review status of cash on hand and required reserves with a view to making interim distributions to investors at earliest opportunity, accounting for the factors listed above and considering cost-benefit.

Logpin Transactions

83. The Receiver has had discussions with both Representative Counsel and the Goldfarb Group on the assignment of mortgages and JV interests taken by the Goldfarb Group (the “Logpin Transactions”).
84. The Receiver understands that the Investor Committee believes that the Logpin Transactions represent a preference and are anxious for steps to be taken immediately to challenge the various assignments; and
85. The Receiver has advised Representative Counsel that it believes any challenge to the Logpin Transactions is best advanced through bankruptcy proceedings in respect of SMFI and the Equity Corps. As such, the Receiver believes the next steps include:
 - a. Securing a bankruptcy order in respect of SMFI; and
 - b. Filing assignments in bankruptcy in respect of each of the Equity Corps.

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Court File No. CV-25-00741044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AIDE MEMOIRE OF MICHAEL STEIN

FRIEDMANS LLP

150 Ferrand Drive, Suite 800
Toronto, ON M3C 3E5

Stephen C. Nadler (LSO #37946G)

sn@friedmans.ca
Tel: 416-649-4466

Lawyers for Michael Stein