

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

**SUPPLEMENTAL REPORT TO THE
SECOND REPORT OF B. RILEY FARBER INC.
IN ITS CAPACITY AS RECEIVER OF
SUSSMAN MORTGAGE FUNDING INC., 2486976 ONTARIO INC., and 1981361
ONTARIO INC.**

DATED OCTOBER 24, 2025

**SUPPLEMENTAL REPORT TO THE
SECOND REPORT OF B. RILEY FARBER INC.
IN ITS CAPACITY AS RECEIVER OF
SUSSMAN MORTGAGE FUNDING INC., 2486976 ONTARIO INC., and 1981361
ONTARIO INC.**

DATED OCTOBER 24, 2025

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DATED OCTOBER 24, 2025

LIST OF APPENDICES

Appendix A	Email to Waterways dated August 8, 2025
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SECOND REPORT OF B. RILEY FARBER INC.
IN ITS CAPACITY AS RECEIVER OF
SUSSMAN MORTGAGE FUNDING INC., 2486976 ONTARIO INC., and 1981361
ONTARIO INC.**

DATED OCTOBER 24, 2025

INTRODUCTION AND PURPOSE OF THIS SUPPLEMENT

1. On April 11, 2025, the Financial Services Regulatory Authority of Ontario (“**FSRA**”) made an application (the “**Application**”) under subsection 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006,c.29 (the “**MBLAA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43 (the “**CJA**”) to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order appointing B. Riley Farber Inc. (“**B. Riley**”) as receiver without security, of all of the assets, undertakings and properties of Sussman Mortgage Funding Inc. (“**SMFI**”), 2486976 Ontario Inc. (“**248**”) and 1981361 Ontario Inc. (“**198**” and, together with SMFI and 248, the “**Debtors**”).
2. Pursuant to an order (the “**Receivership Order**”) of the Honourable Justice Dietrich dated May 2, 2025 (the “**Date of Appointment**”), B. Riley was appointed as receiver (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties of the Debtors, including any assets held in trust by the Debtors for any third party and all property, rights interests and proceeds arising from all joint venture or co-tenancy agreements entered into by the Debtors (collectively, the “**Property**”).
3. Pursuant to an order (the “**Representative Counsel Order**”) of the Honourable Justice Dietrich dated May 20, 2025, A&B was appointed as representative counsel (in such capacity, “**Representative Counsel**”) of all Investors other than those Investors who notify the Receiver and Representative Counsel by no later than June 6, 2025 that they do not wish to be represented by Representative Counsel (the “**Opt-Out Investors**”).

4. On July 25, 2025, the Honourable Justice Dietrich issued an amended and restated Receivership Order (the “**ARRO**”).
5. Set out below are the various reports issued by the Receiver (together, the “**Receiver’s Reports**”), each of which is hyperlinked to the Receiver’s case website:
 - a. [First Report of the Receiver dated June 2, 2025](#)
 - b. [Supplementary Report to the First Report dated June 24, 2025](#)
 - c. [Second Supplementary Report to the First Report, dated July 23, 2025](#)
 - d. [Third Supplementary Report to the First Report dated August 11, 2025](#)
 - e. [Second Report of the Receiver dated October 15, 2025](#)
6. The purpose of this supplemental report to the Second Report (the “**Supplemental Report**”) is to provide the Court with additional information with respect to:
 - a. correspondence and communications with Representative Counsel, the Goldfarb Group and other stakeholders;
 - b. the Receiver’s views on the responding motion record of 2114568 Ontario Inc., Alliance Homes Ltd., Alex Troop (“**Troop**”) and Waterways of Muskoka Ltd. (the “**Alliance Record**”); and
 - c. correspondence with Ballymore.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Supplemental Report, the Receiver has relied upon certain unaudited, draft, and/or internal financial information of the Debtors, the books and records of the Debtors and discussions with the Debtors’ principals, and information from third-party sources (collectively the “**Information**”). Except as otherwise described in this Supplemental Report:

- a. the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“GAAS”) pursuant to the Chartered Professional Accountant of Canada Handbook (the “CPA Handbook”) and, as such, the Receiver expresses no opinion or other form of assurance with respect to the Information presented in this First Report.
- b. the Receiver has filed this Supplemental Report solely for the purpose of providing information to this Court. Parties using the Supplemental Report other than for the purposes outlined herein are cautioned it may not be appropriate for their purposes.

8. Unless otherwise noted, all monetary amounts contained in this Supplemental Report are expressed in Canadian dollars.

9. Defined terms in this Supplemental Report have the meaning provided to them in the Receiver’s Reports unless otherwise defined herein.

CORRESPONDENCE WITH STAKEHOLDERS

10. Immediately prior to and following the release of the Second Report, the Receiver met with Representative Counsel and TGF to discuss the Required Information provided by the Receiver on October 7, 2025.

11. As discussed in the Second Report, the Receiver met with Representative Counsel on October 15, 2025.

12. The Receiver met with TGF on October 16, 2025 to discuss the Required Information. Following that meeting TGF wrote to the Receiver requesting clarification of certain points. In this regard:

- a. the Receiver provided a written response to TGF, copying Representative Counsel, on October 20, 2025. A copy of that correspondence has not been included in this Supplemental Report as it contains confidential information and references to without prejudice discussions; and

b. the Receiver then met with TGF and members of the Goldfarb Group on October 22 to discuss the Required Information and the Receiver’s proposed realization plan in more detail.

THE ALLIANCE RECORD

13. The Receiver notes that no application for the appointment of a receiver over the Waterways Project has been brought by any party at this time. As such it views the Alliance Record as premature. The Receiver does, however, wish to address and clarify certain points raised in the Alliance Record.
14. The Receiver has reviewed the statements made in the Alliance Record with respect to the implications of a receivership on the Tarion registration of Waterways of Muskoka Ltd. (“**Waterways**”), including the suggestion that a receivership would result in the revocation of Waterways’ Tarion enrolment and the potential that purchasers would gain the right to rescind agreements of purchase and sale. There is uncertainty in that theory and the Receiver is reviewing this issue and others with counsel and will provide an update in due course.
15. The Receiver provided Waterways with its reconciliation of the amounts owing under the SMFI Mortgage on August 8, 2025 and requested that Waterways provide any comments or concerns. A copy of that email is attached hereto as **Appendix “A”**. The Receiver had not received any indication that Waterways disputed the Receiver’s calculation of the amounts owing under the SMFI Mortgage until receiving the Alliance Record.
16. The Receiver spoke with Troop on October 22, 2025 and confirmed that Waterways did not dispute the amounts owing under the SMFI Mortgage. Waterways’ position, as set out at paragraph 24 of the Alliance Record, appears to be that 198’s obligation under the Waterways JV to provide an equity investment of \$600,000 should in some way reduce the amount owing under the SMFI Mortgage. The Receiver disagrees with this position.
17. The Alliance Record takes issue with several other values set out in the Second Report. The Receiver acknowledges that, while the total amount owing to Penco is alleged to be

\$178,843, only \$38,251 of that amount is alleged to be secured by the corresponding registered lien.

18. The Receiver remains of the view that the lack of alignment among stakeholders in the Waterways Project is best addressed through a receivership. However, it is reviewing additional information provided by Waterways and will review and discuss the options and proposed approach with Representative Counsel and TGF.

CORRESPONDENCE WITH BALLYMORE

19. As set out in the Second Report, the Receiver has requested certain information from Ballymore to allow the Receiver to validate the quantum of previous and anticipated profit distributions. Ballymore undertook to provide a partial response to the Receiver's information request by October 24, 2025. Ballymore did provide additional information as promised on the afternoon of October 24th. The Receiver will review the information received and consider next steps.
20. On October 15, 2025 Ballymore's counsel wrote to the Receiver advising that Ballymore was considering exercising its purchase rights pursuant to the Ballymore JV to purchase 248's interest in the Ballymore Project. The Receiver and Investor Counsel are reviewing Ballymore's proposal and will provide further information to this Court in due course.

All of which is respectfully submitted this 24th day of October, 2025.

B. RILEY FARBER INC.,
solely in its capacity as Court-Appointed
Receiver of the Debtors and without
personal or corporate liability



Per: _____

Name: Richard Williams , CA, CIRP, LIT
Title: Managing Director

Appendix "A"
to the Supplemental Report to the
Second Report of the Receiver

Richard Williams

From: Richard Williams
Sent: Friday, August 8, 2025 12:48 PM
To: Alex Troop
Cc: hart@gsnh.com
Subject: RE: revised proforma costs to complete
Attachments: Waterways - Project Cost Reconciliation.xlsx

Hi Alex,

Thanks for that. See attached – based on my math there is a shortfall of \$535,637. Even if you manage to settle Penco down by \$100k this thing is still underwater.

Let me know if I'm looking at costs to complete wrong or if there are any other issues with the reconciliation.

Regards,

Richard Williams
GlassRatner

rwilliams@glassratner.com**NEW!**
905-904-7400

From: Alex Troop <atroop@alliancehomes.ca>
Sent: Friday, August 8, 2025 12:38 PM
To: Richard Williams <rwilliams@glassratner.com>
Cc: hart@gsnh.com
Subject: revised proforma costs to complete

[EXTERNAL]

As discussed,

Alex Troop

Alliance Homes
6048 Hwy 9, Unit 7
Schomberg, ON, L0G 1T0
Office: 905-761-7086
Cell: 416-936-4467
Fax: 905-761-7201



www.alliancehomes.ca



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

Court File Number: CV-25-00741044-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

SUPPLEMENTAL REPORT TO THE SECOND
REPORT OF THE RECEIVER
B. RILEY FARBER INC.

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B. Riley Farber Inc.