



Court File No.: CV-19-628258-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)

JUSTICE HAINEY)

TUESDAY, THE 5TH

DAY OF MAY, 2020

BETWEEN:

LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI and
SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990, c. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43

OMNIBUS ORDER

THIS MOTION, made by FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**"), in its capacity as Court-appointed trustee (in such capacity, the "**Trustee**") pursuant to an Order of this Court made on September 30, 2019 (the "**Appointment Order**") of all of the assets, undertakings and properties in the possession, power or control of Derek Sorrenti or Sorrenti Law Professional Corporation (collectively, "**Sorrenti**") relating to Sorrenti's trusteeship and

administration of syndicated mortgage loans in projects affiliated with Fortress Real Developments Inc. (“**FRDI**”) and all of its direct or indirect affiliates and any entity under common control with FRDI (the “**SML Administration Business**”), pursuant to section 49.47 of the *Law Society Act*, R.S.O. 1990, c. L.8, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia*, (i) authorizing the Trustee to effect a distribution of 50% of Realized Property (as defined in the Appointment Order) to the applicable Investors, including without limitation, a distribution to Bayview Individual Investors in an amount equal to 50% of the Bayview Realized Property, a distribution to Gotham Investors in an amount equal to 50% of the Gotham Realized Property, and a distribution to the HVS Investors in an amount equal to 50% of the HVS Realized Property (as each such term is defined in the Second Report (as defined below)); (ii) authorizing the Trustee to use all or any portion of the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, including to pay operating and professional costs associated with the SML Administration Business; (iii) approving the Reports (as defined below) and the activities of the Trustee described therein; (iv) approving the Trustee’s fees and disbursements, including the fees and disbursements of its counsel, for the period from September 30, 2019 to January 31, 2020, and (v) sealing certain confidential exhibits to the Fee Affidavits (as defined below), was heard this day by videoconference due to the COVID-19 crisis;

ON READING the First Report of the Trustee dated January 22, 2020 (the “**First Report**”), the Second Report of the Trustee dated March 6, 2020 (the “**Second Report**”), the Supplement to the Second Report of the Trustee dated April 13, 2020 (the “**Supplement to the Second Report**”), the affidavit of Naveed Manzoor sworn March 6, 2020 and attached as Appendix “14” to the Second Report (the “**Manzoor Affidavit**”) and the affidavit of Michael De Lellis sworn March 6, 2020 and attached as Appendix “15” to the Second Report (the “**De Lellis Affidavit**”) and, collectively with the Manzoor Affidavit, the “**Fee Affidavits**”), and on hearing the submissions of counsel for the Trustee, Chaitons LLP, in its capacity as Representative Counsel, and such other counsel as were present, no one else appearing for any other person on the service list, as appears from the affidavits of service of Sean Stidwill sworn March 10, 2020 and April 13, 2020;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record, the Supplementary Motion Record, the Second Report, and the Supplement to the Second Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used in this Order but not defined herein shall have the meanings given to them in the Second Report.

REALIZED PROPERTY

3. **THIS COURT ORDERS** that the Trustee shall distribute 50% of all Realized Property obtained *pro rata* to the Investors entitled to such funds, whether received before or after the date of this Order, including without limitation:
 - (a) a distribution to Bayview Individual Investors in an amount equal to 50% of the Bayview Realized Property;
 - (b) a distribution to Gotham Investors in an amount equal to 50% of the Gotham Realized Property; and
 - (c) a distribution to the HVS Investors in an amount equal to 50% of the HVS Realized Property.
4. **THIS COURT ORDERS AND DECLARES** that the Trustee is hereby authorized to use all or any portion of the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, as the Trustee, in its sole discretion, considers necessary or desirable for the administration of the estate, including with respect to those matters set out in paragraph 15 of the Appointment Order and the operating and professional costs associated with the SML Administration Business.

TRUSTEE'S REPORTS, ACTIVITIES, FEES AND DISBURSEMENTS

5. **THIS COURT ORDERS** that the First Report, the Second Report, and the Supplement to the Second Report and all the actions, conduct and activities of the Trustee as set out in the First Report, the Second Report, and the Supplement to the Second Report, be and are hereby approved; provided, however that only FAAN Mortgage, in its capacity as Trustee and in its personal capacity and only with respect to its own liability in such capacities, shall be entitled to rely upon or utilize in any way such approval.

6. **THIS COURT ORDERS** that the fees and disbursements of the Trustee and its counsel, as set out in the Second Report and the Fee Affidavits, be and are hereby approved, as follows:

- (a) the following fees and disbursements of the Trustee for the period from September 30, 2019 to January 31, 2020 are approved: fees of \$290,294.80 (plus applicable taxes of \$37,738.32 for an aggregate amount of \$328,033.12), and
- (b) the following fees and disbursements of Osler, Hoskin & Harcourt LLP, counsel to the Trustee, for the period from September 30, 2019 to January 31, 2020 are approved: fees of \$200,256.50 and disbursements of \$5,225.05 (plus applicable taxes of \$26,662.62 for an aggregate amount of \$232,144.17).

SEALING

7. **THIS COURT ORDERS** that Exhibit "D" of the Manzoor Affidavit and Exhibit "D" of the De Lellis Affidavit shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

AID AND RECOGNITION OF FOREIGN COURTS

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee and its agents in carrying out the terms of this Order.

All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

SUPERIOR COURT OF JUSTICE
ENTERED
MAY 05 2020
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COUR SUPÉRIEURE DE JUSTICE
ENTRÉ

Handwritten signature

LAW SOCIETY OF ONTARIO

- and -

**DEREK SORRENTI and SORRENTI LAW
PROFESSIONAL CORPORATION**

Applicant

Respondents

Court File No. CV-19-628258-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

OMNIBUS ORDER

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in its capacity as Court-appointed Trustee of Derek
Sorrenti or Sorrenti Law Professional Corporation in
respect of the Syndicated Mortgage Loan
Administration Business