

Court File No.: CV-14-513935

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BDO CANADA LIMITED IN ITS CAPACITY AS TRUSTEE OF THE ESTATE
OF 2283942 ONTARIO INC., A BANKRUPT

Plaintiff

- and -

SHIU KWAN LO AND SONS LTD., 2433591 ONTARIO INC.,
2435982 ONTARIO INC. and HERMAN KUANG

Defendants

STATEMENT OF DEFENCE OF HERMAN KUANG ONLY

1. The Defendant, Herman Kuang is also commonly known as Hugh Kuang (hereinafter "Kuang").

2. Kuang denies that he is or ever was a "principal" or a "controlling mind" of 2435982 Ontario Inc. (hereinafter #982), and puts the Plaintiff to strict proof thereof. Furthermore, Kuang is not and never was a shareholder, officer or director or employee of #982, or had any personal involvement in #982. Therefore, Kuang was never the purchaser of the subject Property pursuant to a power of sale or otherwise.

3. Kuang personally did not cause the Plaintiff directly or indirectly to default on its mortgage to Shiu Kwan Lo and Sons Ltd. (hereinafter "Shiu"). Kuang also was not personally involved, directly or indirectly, in the issuing of the Notice of Sale under Mortgage by Shiu.

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4. Kuang was not personally involved, directly or indirectly, in the listing of the subject property for sale, or suspending any listing for sale, or terminating any listing for sale. Kuang states that he is at arm's length and is totally independent of Shiu and #982 and the principals of #982.

5. Kuang states that he personally had no obligation to 2283942 Ontario Inc. discharge any mortgage in issue particularly since no discharge funds were apparently even transferred to 2433591 Ontario Inc. (hereinafter #591) to discharge the subject mortgage.

6. Kuang denies that he ever personally sold or personally purported to sell the subject property to #982 or to anyone. Kuang also denies that he ever acted fraudulently or improperly, or with any intent to act improperly or fraudulently. Kuang states that he never personally had any intent to deprive the Plaintiff of redeeming the Plaintiff's mortgage. Kuang personally never ever acted in bad faith or was involved in any attempt directly or indirectly personally to sell the subject Property, or to sell the said Property in a sale that was not bona fide.

7. Kuang denies that #982 and #591 corporations are related corporations or that the knowledge of one of the said corporations is the knowledge of the other.

8. Kuang denies ever personally making any representations to the Plaintiff. Kuang states that he is not "personally" responsible for the actions or representations of either of #591 or #982. In any event, the actions of the said corporations were done in good faith and in the normal course of business. Any involvement, if any, of Kuang regarding the Property was only as a representative of #591 and in a corporate, not personal, capacity.

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9. Kuang denies that he was personally, or ever directly or indirectly involved in any improper activities, or any conspiracy to exact monies from the Plaintiff or to defraud the Plaintiff of its right to the Property.

10. The Defendant, Kuang, states that there is no liability, and no damages caused by him "personally." In any event, this is not a proper action in the circumstances for an award of punitive, exemplary damages, or aggravated damages.

11. Kuang denies that he is liable personally, or jointly and/or severally, or at all to the Plaintiff for any damages, or any relief claimed whatsoever.

12. The Defendant Kuang pleads and relies on the Doctrine of Laches.

13. Kuang denies that the Property was sold below a reasonable appraised value or below the actual value of the subject Property, or that the Property was worth \$6,870,000.00 as alleged in the Statement of Claim, and puts the Plaintiff to strict proof thereof.

14. Kuang states, and the fact is, that the value of the subject Property was particularly less than its "normal market value" as the said Property in fact had an 18% mortgage on it reflecting its "poor reputation", and the said property was not in a state of good repair, and not well maintained. The said Property had a very "tainted" reputation for being used by the Plaintiff or its principals for fraudulent purposes, and for immigration schemes, and for related fraudulent and improper purposes, including immigration and real estate scams.

15. Kuang requests that this action against him personally be dismissed with costs on a substantial indemnity basis.

March 6, 2017

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SHIU KWAN LO AND SONS LTD. et al.

Defendants

BDO CANADA LIMITED IN ITS CAPACITY
AS TRUSTEE OF THE ESTATE OF 2283942
ONTARIO INC., A BANKRUPT
Plaintiff

-and-

**ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDINGS COMMENCED AT
TORONTO**

STATEMENT OF DEFENCE

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