

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY & INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*  
ACT, R.C.S 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE BANKRUPTCY OF  
SF SQUARE GP CORP., OF THE CTY OF GUELPH, IN THE  
PROVINCE OF ONTARIO**

**NOTICE OF MOTION  
(*re Directions re Direction to Pay and Third Party Transfers*)**

BDO Canada Limited (“**BDO**”), the trustee in bankruptcy (in such capacity, the “**Trustee**”) of SF Square GP Corp. (“**Square GP**”), and of the property, assets, and undertakings of SF Square LP (“**Square LP**”, together with Square GP, “**Square GP/LP**”) will make a motion to a Judge of the Ontario Superior Court of Justice (in Bankruptcy and Insolvency) (the “**Court**”) at a date and time to be fixed by the Court, or as soon after that time as the motion can be heard.

**PROPOSED METHOD OF HEARING:** The motion is to be heard:

in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;

in writing as an opposed motion under subrule 37.12.1 (4);

In person;

By telephone conference;

By video conference.

At the following location: A video conference link to be provided.

**THE MOTION IS FOR:**

1. An order declaring that the irrevocable direction to pay dated January 10, 2025 (the “**Direction to Pay**”), executed by Square GP, as general partner of Square LP, in favour of Level 3 Capital Management Inc., Andrew Long, Kent McDonell, and 2796068 Ontario Inc. (the “**Level 3 Parties**”) is revocable or otherwise invalid.
2. In the further alternative, an order declaring that the Direction to Pay, if valid and irrevocable (which are denied), does not create a trust in favour of the Level 3 Parties. The Level 3 Parties do not have a proprietary interest in the proceeds subject to the direction (the “**Direction to Pay Funds**”). Rather, the Direction to Pay Funds form part of the estate of Square GP/LP (the “**Estate**”).
3. In the further alternative, an order declaring that the Direction to Pay and any payment on account thereof is a transfer at undervalue pursuant to section 96 of the *Bankruptcy and Insolvency Act*, R.C.S 1985, c. B-3, as amended (the “**BIA**”) and is therefore void as against the Trustee.
4. In the further alternative, an order declaring that the creation of any priority interest in the Direction to Pay Funds for the Level 3 Parties is a preferential transaction pursuant to section 95 of the *BIA* and is therefore voidable.
5. An order that the Direction to Pay Funds are to be released by the Trustee from the segregated bank account for the benefit of the Estate and distributed in accordance with the priorities established by the BIA.
6. An order declaring that the following payments made by Square GP are voidable as preferential transactions and/or transfers at undervalue:

- (a) \$250,000 to Level 3 Capital Management Inc. on December 23, 2024;
  - (b) \$200,000 to Kent McDonnell on December 23, 2024;
  - (c) \$200,000 to 2796068 Ontario Inc. on December 23, 2024;
  - (d) \$12,500 to Level 3 Capital Management Inc. on December 30, 2024; and
  - (e) \$21,963.55 to Level 3 Capital Management Inc. on December 30, 2024  
(collectively, the “**December Transfers**”).
7. An order that the amounts of the December Transfers be immediately transferred by the parties who received them (as set out above) to the Trustee for the benefit of the Estate.
8. The costs of this motion.

**THE GROUNDS FOR THE MOTION ARE:**

**The Trustee in Bankruptcy**

9. On May 30, 2025, Square GP filed an assignment in bankruptcy under the *BIA*. As a result, BDO was appointed as the trustee in bankruptcy of Square GP.
10. Square GP is a privately held company that operated as the sole general partner of a limited partnership, Square LP. Pursuant to the *BIA*, upon the bankruptcy of Square GP, the property, assets, and undertakings of Square LP vested in the Trustee.
11. Square GP is 100% owned by Sherwood Forest Square Ltd. (“**Sherwood**”), a real estate development company. On May 22, 2025, pursuant to an application brought under section 243(1) of the *BIA*, BDO was appointed as Receiver over the property, assets, and undertakings of Sherwood.

12. Sherwood is 100% owned by RHH Rental Properties Ltd. (“**RHH**”). On June 19, 2025, RHH commenced bankruptcy proceedings by filing an assignment in bankruptcy. Deloitte was appointed as trustee of RHH at the first meeting of creditors on July 7, 2025.

### **The Investigation**

13. Following the May 30, 2025 assignment in bankruptcy of Square GP, the Trustee, BDO, became aware of suspected financial irregularities involving Square GP/LP in the months prior to bankruptcy, including:

- (a) The Direction to Pay, a document dated January 10, 2025 and self-described as an “IRREVOCABLE DIRECTION TO PAY”. The direction is from Square LP, by its general partner Square GP, and is addressed to a Partner at the law firm Robson Carpenter LLP. The Direction to Pay purports to direct Robson Carpenter LLP to pay \$4.7 million from the proceeds of the sale of a student residence development known as “The W”, municipally known as 130–190 Sherwood Forest Square, London, Ontario to the Level 3 Parties, as “partial repayment of investments and advances” by those parties. The Direction to Pay is signed only by Scott Reid, President of Square LP, by its general partner Square GP; and
- (b) The December Transfers.

14. Based on the Trustee’s investigation into the Direction to Pay and the December Transfers (the “**Investigation**”), the Trustee identified that:

- (a) The Direction to Pay was purported to be executed on behalf of Square LP in favor of the Level 3 Parties, and the December Transfers were made, despite the fact the Level 3 Parties are not creditors of Square GP/LP, but rather are only creditors of certain related entities (RHH and Sherwood);

- (b) It is not apparent how the \$4.7 million in the Direction to Pay was calculated or what that amount is supposed to correspond to;
  - (c) No funds should be flowing to the Level 3 Parties from Square GP/LP as the Level 3 Parties are not creditors of Square GP/LP;
  - (d) The Direction to Pay was executed while or shortly before Square GP/LP was insolvent;
  - (e) The December Transfers were made while or shortly before Square GP/LP was insolvent;
  - (f) The Direction to Pay did not appear to be executed for good and valuable consideration; and
  - (g) The December Transfers did not appear to have been made for good and valuable consideration.
15. The Investigation took place in the context of broader recovery efforts involving the corporate group of companies related to RHH, which includes Square GP/LP and Sherwood. This context is evidenced by court orders in related proceedings, such as the Mareva Order and Norwich Order of Justice Trimble dated August 8, 2025, which directed many related entities and principals to compel disclosure for the purposes of tracing and accounting for funds.
16. Pursuant to the Decision of Justice Nicholson dated July 16, 2025, the Direction to Pay Funds are being held in a segregated bank account in the name of the Trustee pending the determination of the entitlement to the Direction to Pay Funds between the Estate and the Level 3 Parties.

### **The Direction to Pay Is Revocable**

17. The Direction to Pay was an instruction to counsel that is revocable. It was not a valid and irrevocable assignment.
18. The Trustee, as the bankruptcy trustee of Square GP, who the general partner of Square LP may revise its instructions to counsel Robson Carpenter LLP, and Robson Carpenter LLP must follow the Trustee's instructions, as updated.
19. The Direction to Pay was not an agreement with the Level 3 Parties nor a valid assignment to them. The Level 3 Parties did not provide any consideration for the Direction to Pay. The Direction to Pay was conditional. Square GP/LP did not intend to create binding obligations to the Level 3 Parties. The Direction to Pay did not comply with section 53 of the *Conveyancing and Law of Property Act*, RSO 1990, c C.34 (the "**Conveyancing and Law of Property Act**").
20. No valid, binding, and irrevocable assignment was effected by the Direction to Pay. The Direction to Pay can be revoked or updated prior to funds flowing pursuant to it, which has not happened yet.

### **The Direction to Pay Does not Create a Trust**

21. If the Direction to Pay is a valid, binding, and irrevocable assignment (which is denied), it does not create a trust or any proprietary interest over the Direction to Pay Funds.
22. The Direction to Pay, at most, creates an unsecured claim against Square LP and/or Square GP. In such circumstances, the Level 3 Parties cannot recover the Direction to Pay Funds in priority to other unsecured creditors and the Direction to Pay Funds must be remitted to the Estate.

### **The Direction to Pay is a Transfer at Undervalue**

23. If the Direction to Pay is valid, binding, irrevocable, and creates a trust or otherwise a proprietary interest in favour of the Level 3 Parties (all of which are denied), the Direction to Pay constitutes a transfer at undervalue.
24. The Level 3 Parties are not creditors of Square GP/LP. The Level 3 Parties are creditors of related entities (RHH and Sherwood). Square GP/LP is not indebted to the Level 3 Parties.
25. Square GP/LP received no value or consideration for the Direction to Pay.

### **The Direction to Pay was a Preferential Transaction**

26. If the Direction to Pay is valid, binding, irrevocable, creates a trust or otherwise a proprietary interest in favour of the Level 3 Parties, and is not a transfer at undervalue (all of which are denied), the Direction to Pay constitutes an impermissible preferential transaction under the *BIA*.
27. The Direction to Pay has the intent and/or effect of defeating, delaying, or defrauding the general body of unsecured creditors of Square GP/LP. This intent is inferred for numerous reasons, including:
  - (a) **Material adverse impact:** Square GP/LP (through its representatives, including Mr. Reid), knew or should reasonably have concluded that the Direction to Pay would have a material adverse impact on its ability to pay its creditors with proven claims;
  - (b) **Lack of consideration:** Square GP/LP received no value or consideration for the Direction to Pay;

- (c) **Lack of documentation/concealment:** The transactions have limited or missing supporting documentation;
- (d) **Unusual haste:** The Direction to Pay is dated just four months prior to the May 30, 2025, bankruptcy filing of Square GP, suggesting transactions undertaken in anticipation of insolvency; and
- (e) **Direct or indirect benefit:** It appears that corporate insiders/related parties received a direct or indirect benefit from the Direction to Pay by using Square GP/LP assets to settle related-party debt and minimize their potential personal liability.

#### **The December Transfers were Preferential Transactions or Transfers at Undervalue**

- 28. The December Transfers constitute an impermissible preferential transaction under the *BIA*.
- 29. The December Transfers has the intent and/or effect of defeating, delaying, or defrauding the general body of unsecured creditors of Square GP/LP.
- 30. The December Transfers constitute transfers at undervalue as the Level 3 Parties are not creditors of Square GP/LP. The Level 3 Parties are creditors of related entities (RHH and Sherwood). Square GP/LP is not indebted to the Level 3 Parties.

#### **Other Grounds**

- 31. Other grounds relied upon include:
  - (a) The *BIA*, and the regulations thereunder;
  - (b) Section 53 of the *Conveyancing and Law of Property Act (Ontario)*;

- (c) The *Courts of Justice Act*, RSO 1990, c C.43, and the regulations thereunder; and
- (d) Such further and other grounds as counsel may advise and this Honourable Court may deem just.

**THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:**

- 32. The First Report of the Trustee dated June 19, 2025 and a Supplement to the First Report of the Trustee dated July 2, 2025.
- 33. The Second Report of the Trustee, to be filed.
- 34. Such further and other evidence as counsel may advise and this Honourable Court may permit.

November 5, 2025

**RECONSTRUCT LLP**

80 Richmond Street West, Suite 1700  
Toronto, ON M5H 2A4

**Caitlin Fell** LSO No. 60091H

cfell@reconllp.com

Tel: 416.613.8282

**William Main** LSO No. 70969C

wmain@reconllp.com

Tel: 416.613.4885

**Julien Gosset** LSO No. 93234T

jgosset@reconllp.com

Tel: 437.881.1639

Fax: 416.613.8290

Lawyers for BDO Canada Limited, in its  
capacity as the Trustee in Bankruptcy

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS  
AMENDED AND

Bankruptcy Court File No.: 25-03230607-0035  
Estate No.: 35-3230607

IN THE MATTER OF THE BANKRUPTCY OF SF SQUARE GP CORP., OF THE CITY OF  
GUELPH, IN THE PROVINCE OF ONTARIO

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

Proceedings commenced at London

**NOTICE OF MOTION  
(*re Directions re Direction to Pay and Third  
Party Transfers* )**

**RECONSTRUCT LLP**

80 Richmond Street West, Suite 1700  
Toronto, ON M5H 2A4

**Caitlin Fell** LSO No. 60091H  
cfell@reconllp.com  
Tel: 416.613.8282

**William Main** LSO No. 70969C  
wmain@reconllp.com  
Tel: 416.613.4885

**Julien Gosset** LSO No. 93234T  
jgosset@reconllp.com  
Tel: 437.881.1639  
Fax: 416.613.8290

Lawyers for BDO Canada Limited, in its  
capacity as the Trustee in Bankruptcy