

**SUPERIOR COURT**  
(Commercial Division)

**C A N A D A**  
**PROVINCE OF QUEBEC**  
**DISTRICT OF MONTREAL**  
No : 500-11-064927-243

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***IN THE MATTER OF THE RECEIVERSHIP OF:***

**11475584 CANADA INC.**

Debtor

-and-

**KINGSETT MORTGAGE CORPORATION**

Applicant

-and-

**RICHTER INC.**

Receiver

-and-

**11192183 CANADA INC.**

-and-

**CITY OF MONTRÉAL**

-and-

**CORPORATION HPP INC.**

-and-

**100079 CANADA INC.**

-and-

**INDIVIDUAL INVESTMENT CORPORATION**

-and-

**THE LAND REGISTRY OFFICER OF THE MONTREAL LAND REGISTRATION DIVISION**

-and-

**THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS  
(QUEBEC)**

Impleaded Parties

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**APPLICATION FOR THE ISSUANCE OF AN APPROVAL AND VESTING ORDER AND  
ANCILLARY RELIEF**

(Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3)

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**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN  
COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE APPLICANT  
RESPECTFULLY SUBMITS :**

**I. ORDERS SOUGHT**

1. For the reasons described hereinafter, KingSett Mortgage Corporation (the “**Applicant**” or “**KingSett**”) seeks the issuance of an order approving the transaction set forth in its credit-bid type *Offer to Purchase*, made as of February 23, 2026 (the “**Credit Bid**”) in relation to the rights, title, benefit and interest of the Debtor in its property, as more fully detailed in the Credit Bid and in the present application, and in accordance with an order substantially in the form of the Proposed Approval and Vesting Order communicated as **Exhibit P-1** to this application (the “**Proposed AVO**”) and in the related draft *Ordonnance de radiation*, **Exhibit P-2**.
2. KingSett, as sole secured creditor having an economic interest in the assets and rights of the Debtor, also supports an order terminating the present proceedings, upon issuance of the receiver’s certificate, as detailed in the Receiver’s application which will be returnable along with this Application.
3. As part of the Proposed AVO and for the reasons set forth herein, KingSett also seeks the cancellation and discharge of security interests and hypothecs registered against the Debtor’s property and the immovable, including in particular a manifestly ill-founded, time-barred and frivolous legal hypothec published by a disgruntled former partner and general contractor having deserted the project, 11192183 Canada Inc. (“**Groupe Mancini**”).
4. KingSett understands that the Receiver supports the conclusions sought herein and will file a report to the Court Record shortly after the filing of the present application.

**II. SUMMARY OF FACTS AND RELEVANT BACKGROUND**

5. The Debtor is a corporation constituted on June 20, 2019 under the *Canada Business Corporations Act*, whose principal activity relates to real estate investment.
6. As will further be discussed, the main, if not the sole asset of the Debtor is comprised of condo units forming part of a 20-unit condominium project (five of which being already sold), and located at 1720, Saint-Grégoire Street / 5410-5420 Papineau Avenue (the “**Saint-Grégoire Project**”), in the city of Montreal (borough of Plateau Mont-Royal), 15 of them remaining unsold at the date hereof.

7. The Applicant is the Debtor's lender and senior secured creditor and the only party having a true economic interest in the present Application.
8. As more fully detailed herein and in the Receivership Application, the Saint-Grégoire project was initially developed by two partners, namely Mr. Pierre Marchand and Mr. Frank Scartozzi, through affiliated entities.
9. In order to finance its project, the Debtor entered into credit facilities with KingSett pursuant to a Commitment Letter dated December 17, 2021, as amended on September 26, 2022 (collectively, the "**Credit Agreement**"), the whole as appears from a copy of the Credit Agreement, communicated herewith as **Exhibit P-3**, in an amount of approximately 6.3M\$ (the "**Original Loan**").
10. The Debtors' indebtedness towards KingSett is secured, *inter alia*, by the "**Security**" :
  - (a) a Deed of Immovable and Movable Hypothec granted by the Debtor in favour of KingSett dated October 13, 2022 for the sum of \$8,600,000 with interest at the rate of 25% per annum plus an additional hypothec equal to 25% of the principal amount, on the property known and designated as lot number 1 193 446 of the Cadastre of Quebec, Registration Division of Montreal, with the building thereon presently under construction, bearing the civic numbers 5410-5420 Papineau Avenue, Montréal, Québec, H2H 1W2 as well as all assets which are presently or will be attached to the Property, and registered at the Montréal Land Registry on October 14, 2022, under number 27 623 856 as well as at the Register of Personal and Movable Real Rights on October 17, 2022 under number 22-1143432-0001 (Exhibit P-3); and
  - (b) an unconditional and irrevocable guarantee dated October 13, 2022 executed by each of Pierre Marchand and Frank Scartozzi, solidarily with each other, in favour of KingSett for the payment of all the debts and liabilities present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by 11475584 Canada Inc. to KingSett;

the whole, as appears from the security documents, communicated *en liasse* as **Exhibit P-4**.
11. The Receiver has obtained an independent opinion from its legal counsel confirming that Security is valid, enforceable and may be set up against third persons. The Receiver further noted that Security secures the Original Loan amount and interest thereon. A copy of the security opinion will be attached as an appendix to the Receiver's report.
12. The Saint-Grégoire Project quickly soured and experienced significant cost overruns (up to an aggregate construction cost of approximately 14M\$, inclusive of 4-5M\$ in cost overruns) and delays, stemming primarily from the partners' inexperience and inadequate site management by Groupe Mancini. These issues resulted in several work stoppages and funding disruptions.
13. In May 2023, a fully subordinated loan (the "**Subordinated Loan**") was granted by Impleaded Parties Corporation HPP Inc., 100079 Canada Inc. and Individual Investment Corporation (collectively, the "**Subordinated Lender**").

14. On June 13, 2023, in the context of numerous defaults by the Debtor under the Credit Agreement, including (i) non payment of trades and suppliers, (ii) registration of legal hypothecs and prior notices on the property, and of (iii) a third halting of the work on the Saint-Grégoire Project, KingSett, as lender, the Debtor, as borrower, and Pierre Marchand and Frank Scartozzi (the “**Guarantors**”), as guarantors, entered into a Forbearance Agreement, communicated in support hereof as **Exhibit P-5** (the “**Forbearance Agreement**”).
15. The Forbearance Agreement imposed, inter alia, significant monitoring and reporting obligations upon its signatories, as well as detailed obligations relating to construction and sales milestones. At such time, it provided that substantial completion of the Saint-Grégoire Project had to occur by November 30, 2023.
16. In a matter of weeks (if not days), the Debtor and the Guarantors placed themselves in default of the Forbearance Agreement, most of which defaults were never remedied to since, including amongst others, (i) the registration of unauthorized encumbrances and/or legal notices of hypothecs and prior notices on the Saint-Grégoire Project, (ii) material adverse changes to the business and financial conditions of the Debtor and of the Guarantors, and (iii) breach of the majority (if not the totality) of construction, sales and financial milestones and undertakings pursuant to the Credit Agreement.
17. As mentioned in the Receivership Application, further to these defaults, the Applicant sent several notices of default and of maturity of loan on November 21, 2023, December 5, 2023, January 17, 2024, February 21, 2024, March 1, 2024 and April 18, 2024.
18. More particularly, these notices were urgently required and sent in the context of Groupe Mancini and its representatives’ total desertion from the project, at all levels, from October 2023 to this day.
19. In this critical context, and notwithstanding the numerous unremedied defaults, KingSett continued to support the completion of the Saint-Grégoire Project, in good faith, with Mr. Marchand’s cooperation, with the objective of putting all necessary efforts to complete construction, and initiate sales.
20. At such time, it should be noted that twelve promises to purchase had been entered into with promisors, such that KingSett also had the preoccupation of preserving these stakeholders’ rights as well. Nearly all of them have not been able to close.
21. On or around October 3, 2024, KingSett was made aware that Groupe Mancini had, despite its complete abandonment of the project since October, 2023 and the occupation of the Saint-Grégoire Project in the summer of 2024, registered on September 26, 2024 a construction legal hypothec in the amount \$732,719.23, under number 28 979 941 of the Cadastre du Québec, Registration Division of Montreal (the “**Mancini Hypothec**”), as appears from **Exhibit P-6**, based on a one-line invoice for alleged fees and which completely compromised the ability to close any sales, thereby holding KingSett hostage of its frivolous claim, which situation continues to last to this day.

### **III. RELEVANT PROCEDURAL BACKGROUND**

22. On November 19, 2024, the Applicant notified an *Application for the Appointment of a Receiver and Authorizing Sale of Assets* (the “**Receivership Application**”), as appears from **Exhibit P-7**.

23. On November 20, 2024, Justice Céline Legendre, J.S.C. issued an *Order Appointing a Receiver*, as amended on December 18, 2024 (the “**Receivership Order**”), as appears from **Exhibit P-8**.
24. On November 2, 2024, Justice Céline Legendre, J.S.C. also issued sixteen (16) *Approval and Vesting Orders* in relation to each of the 16 unsold units of the 20 unit project of Saint-Grégoire, as appears from the Court record.
25. The process contemplated by the issuance of these vesting orders from the onset of the receivership matter was to obtain pre-approval by the Court of transactions that could be closed with purchasers, based in particular on a confidential minimum purchase price approved by the Court, in order to streamline the process, reduce costs and avoid multiple hearings before the Court.

#### **IV. INITIAL SALE PROCESS PER UNIT CONDUCTED BY THE RECEIVER**

26. At the time of issuance of the Receivership Order and vesting orders, two (2) units (305 and 306) were subject to promises to purchase and fourteen (14) units were available to market, separately.
27. In accordance with the Receivership Order and further to the issuance of the vesting orders, the Receiver sought to close the transactions subject to promises to purchase and to conclude sales for the other units, as further detailed in the report of the Receiver to be issued in support of the Application.
28. At such time, Engel & Volkers was the listing real estate agent and a listing was published for the fourteen (14) units.
29. Over the next months, no sale was concluded and there was little activity regarding the condo units.
30. A new mandate was signed by the Receiver with Engel & Volkers in March 2025. In order to attempt to bolster the sale offering, and in consultation and with the assistance of the Receiver and the Applicant, the following measures were implemented:
  - (a) creation of a dedicated website;
  - (b) hiring of a marketing professional to assist in developing a strategy and marketing campaign;
  - (c) home staging of 2 units for sale;
  - (d) organization of a broker event; and
  - (e) reduction of the listing prices.
31. Despite all abovementioned marketing and sales efforts over a span of more than one (1) year, no written offers were received and there was very little interest.
32. On July 30, 2025, the Receiver executed a deed of sale for unit 305, which was subject to a pre-receivership promise to purchase.

33. In November 2025, the Receiver mandated a new broker for the remaining 14 units, one unit (306) still being subject to a pre-receivership promise to purchase.
34. The broker reviewed the listing prices and adjusted/updated the prices based on comparables and on the current unfavorable market conditions.
35. As recommended by the new broker and to avoid flooding the market, 4 of the 15 units were thus listed at reduced prices, some of which were below the confidential minimum purchase prices approved by the Court late 2024 as part of the vesting orders issued in this receivership file.
36. Following these new and supplemental efforts, several unit visits were held, which culminated with 2 offers being received for unit 307. A promise to purchase for unit 307 was accepted and the transaction is set to close next week. There were no offers for any other of the remaining available 14 units.
37. On February 4, 2026, the Receiver sought to vary the confidential minimum purchase price in respect to unit 307, in order to proceed with the accepted promise to purchase.
38. In February 2026, the Receiver proceeded to disclaim one of the pre-receivership promises to purchase (in respect of unit 306), considering the prospective offeror's failure to proceed to close the transaction.
39. In light of the initial process which only allowed to close on 1 unit subject to an existing promise to purchase, and 1 single other unit over a span of more than 14 months, the Applicant and the Receiver came to the conclusion that a sale process in bulk should be explored.
40. Indeed, the lack of significant interest and activity for the remaining units, as well as the significant costs associated with a process spanning more than one year rendered it essential to explore alternative options in order to conclude these proceedings in a timely manner, especially given the significant shortfall expected for KingSett.

**V. SUBSEQUENT "BULK" SALE PROCESS LEADING TO KINGSETT'S CREDIT BID OFFER**

41. In light of the foregoing, in December 2025, the Receiver began working on a solicitation process to be launched after the Holiday period, in consultation with the Applicant.
42. On January 7, 2026, the Receiver sent a solicitation package to 56 potential interested parties, which included the Subordinated Lender, real estate developers, strategic investors, brokers and other parties interested in the Saint-Grégoire Project. A follow-up email was sent to the potential interested parties on January 28, 2026. The solicitation package was prepared in both English and French and was comprised of a teaser letter, terms and conditions of sale, as well as a template non-disclosure agreement ("**NDA**"), as appears from a copy of the solicitation package, communicated herewith as **Exhibit P-9, en liasse**.
43. A virtual data room was also set up early January for parties that would sign a NDA.
44. Ultimately, 8 parties signed a NDA and were granted access to the data room and 3 of those parties visited Saint-Grégoire Project.

45. Upon expiry of the deadline to submit offers set for February 23, 2026 at noon, only one (1) offer was received (the “**Credit Bid Offer**”), which is now sought for approval in accordance with the Proposed AVO. A copy of the Credit Bid Offer is communicated herewith as **Exhibit P-10, under seal**.
46. The Credit Bid Offer was submitted by the Applicant prior to the bid deadline, in accordance with the solicitation package.
47. It is to be noted that prior to the issuance of this Application, an unsolicited offer for unit 202 was received and accepted, which is expected to close in the coming weeks. An amended version of the Credit Bid Offer could therefore be presented prior to the hearing on this application to reflect this potential change.
48. The main conditions and provisions of the Credit Bid Offer are as follows (undefined terms used hereinbelow refer to the terms of the Credit Bid Offer) :
  - (a) the Purchased Assets include the Debtor’s remaining immovable and movable property as well as related documents;
  - (b) the Purchase Price shall be satisfied by applying the Applicant’s Existing Secured Purchaser Indebtedness;
  - (c) subject to certain adjustments provided in the Credit Bid Offer, the Purchase Price relating to the credit bid is approximately 8M\$; and
  - (d) the Credit Bid Offer is subject to minimal conditions, other than the issuance of the Proposed AVO.
49. As will appear from the report, the Receiver recommends the approval of the proposed transaction.
50. In particular, and as will further appear from the Receiver’s report, that the proposed transaction is reasonable and appropriate in these circumstances and should be approved for the following reasons:
  - (a) the Receiver canvassed the market in several different ways in a fair, transparent and efficient manner, aimed at maximizing value for all stakeholders;
  - (b) further canvassing of the market would be unlikely to result in greater value for stakeholders;
  - (c) no alternative offers were received by the Receiver;
  - (d) the purchase price under the Credit Bid Offer is fair and reasonable and any additional liquidation efforts for the Saint-Grégoire Project would not reliably yield a realization value higher than the proposed transaction;
  - (e) KingSett was consulted throughout the sales efforts of the Receiver; and
  - (f) the Receiver is of the view that the proposed transaction is more beneficial to the Debtor’s stakeholders than a liquidation pursuant to a bankruptcy.

51. It is therefore respectfully submitted that the proposed transaction should be approved.

**VI. SUMMARY OF OTHER SECURITY CLAIMANTS AND REGISTRATIONS TO BE DISCHARGED PURSUANT TO THE AVO**

52. As explained hereinabove, aside from KingSett, Corporation HPP Inc., 100079 Canada Inc. and Individual Investment Corporation (the “**Subordinated Lender**”) have registered security resulting from the Subordinated Loan.

53. The relevant *index aux immeubles* and RDPRM registrations are communicated herewith as **Exhibit P-11, en liasse**.

54. The Debtor is indebted towards the Subordinated Lender pursuant to a mezzanine loan agreement dated May 19, 2023 in the amount of \$1,060,000, as amended from time to time.

55. The related hypothecs are comprised of:

- (a) hypothec in an amount of 1,060,000 \$ published on June 22, 2023 under number 28 107 806;
- (b) hypothec in an amount of 1,560,000 \$, published on October 11, 2023 under number 28 325 280; and
- (c) hypothec in an amount of 1,775,000 \$, published on September 4, 2024 under number 29 932 812

(altogether, the “**Subordinated Lender Hypothecs**”).

56. Further to said subordinate loan, KingSett and the Subordinated Lender entered into an Escrow Agreement on May 19, 2023, as amended on October 3, 2023, pursuant to which the Subordinated Lender agreed to partially repay the debt owed by the Debtor to KingSett from the escrowed sums, as appears from a copy of said escrow agreement, communicated herewith as **Exhibit P-12** (the “**Escrow Agreement**”).

57. Moreover, the Subordinated Lender Hypothecs rank behind the security of the Applicant, which remains senior and the Escrow Agreement (at article 4.) specifically provides, *inter alia*, that :

- (a) KingSett is entitled to receive all proceeds of sales until full repayment of all amounts owed under the Credit Agreement, in priority to the Subordinated Lender;
- (b) In the event of a default, KingSett is entitled to seek the appointment of the Court-appointed officer of its choice to enforce its rights; and
- (c) KingSett is entitled and has authority to collect all sums due from purchasers until all amounts owed under the Credit Agreement are fully repaid.

58. On September 26, 2024, the City of Montreal published a legal hypothec in the amount of \$58,109.63 on the property, under number 28 979 579 with regards to the recovery of an

outstanding balance concerning the cost of occupation permits and/or the unpaid obstruction of the public domain by Groupe Mancini.

59. On September 26, 2024, Groupe Mancini, the former general contractor (up and until its desertion and abandonment of the project in October 2023) published a construction legal hypothec on the property, for an alleged amount of \$732,719.93, based on a single one-line invoice sent in April 2024. As will be further discussed below, this hypothec is blatantly abusive, invalid and time-barred, and was published for ulterior motives.
60. Considering the foregoing and the fact that the benefit of the sale of the Saint-Grégoire Project will not be sufficient to fully reimburse KingSett's claim, it is respectfully submitted that KingSett is the main (if not sole) secured creditor with a genuine economic interest in the present Application.

## **VII. REASONS SUPPORTING THE DISCHARGE OF THE MANCINI HYPOTHEC PURSUANT TO THE PROPOSED AVO**

61. This present section aims to summarize the numerous malevolent actions of Groupe Mancini, Mr. Frank Scartozzi, and Ms. Stephanie Gould with regards to the Saint-Grégoire Project and to the ensuing quagmire of procedural actions and abuse, as appears notably from the oppression application filed in Court file 500-11-064564-244 (the "**Oppression Application**", **Exhibit P-13**), the Receivership Application, and the *Application for the Issuance of a Declaration of Failure to Act in Good Faith and Ancillary Relief* (the "**Abuse Application**", **Exhibit P-14**) filed by counsel to the Receiver following the notification by counsel to Mancini and Mr. Scartozzi of hypothecary recourses against owners of the Saint-Grégoire Project, despite the ongoing receivership proceedings and the orders issued by the Court (including vesting orders and the Receivership Order) which were not contested by Mancini and Mr. Scartozzi.
62. KingSett believes that the filing of the Oppression Application is what initially sparked the illicit registration of Groupe Mancini's hypothec, as a retaliatory measure destined against the Debtor, Mr. Marchand, and KingSett, to the detriment of all stakeholders.
63. In October 2023, Mr. Scartozzi (who was then leading the Saint-Grégoire Project along with Mr. Marchand) and Groupe Mancini (an entity directed by Mr. Scartozzi's wife, Ms. Gould who was, at that time, also a director of the Debtor), completely deserted the Saint-Grégoire Project and generally disappeared, leaving the Debtor, Mr. Marchand and KingSett behind.
64. Mr. Scartozzi and Groupe Mancini never returned to the Saint-Grégoire Project. This desertion was admitted by Mr. Scartozzi himself, as appears from a copy of this admission, communicated as **Exhibit P-15**.
65. Furthermore, on November 21, 2023 KingSett formally put the Debtor and the Guarantors on notice that it had discovered that Mr. Scartozzi and Groupe Mancini had apparently opened new bank accounts to divert the Debtor's tax refunds, which are subject to KingSett's Security, as appears from a copy of said notice, communicated as **Exhibit P-16**.
66. On November 29, 2023, counsel to Mr. Scartozzi and Groupe Mancini sent a response to KingSett, whereby it blanketly denied all allegations of defaults or wrongdoing, including in relation to the defaults raised by KingSett in respect of the Credit Agreement and the

Forbearance Agreement (as discussed in the Defaults Section). In relation to the tax refunds, this letter turned out to be untrue as Mr. Scartozzi later candidly admitted to having appropriated same, as appear from a correspondence dated January 8, 2024, and communicated as **Exhibit P-17**.

67. On January 17, 2024, KingSett sent a notice of default and maturity of the Credit Agreement (**Exhibit P-18**) in which it raised the fact that a partnership dispute was apparently ongoing between Mr. Marchand and Mr. Scartozzi, and that the Saint-Grégoire Project had spun out of control, as further appears from Exhibit P-14. It also noted that Mr. Scartozzi had admitted having misappropriated sums, as appears from the correspondence dated January 8, 2024 (Exhibit P-17).
68. On February 21, 2024, further to the receipt by KingSett of a notice of garnishment following a judgment in default rendered against Groupe Mancini, KingSett issued another notice of default.
69. Furthermore, given the critical financial situation of the Saint-Grégoire Project, the Debtor and the Guarantors, as well as the admission of financial wrongdoing and the lack of collaboration of Groupe Mancini, Stephanie Gould and Frank Scartozzi, KingSett asked that all sums arising from sales of the Saint-Grégoire Project be directly remitted to KingSett, but also that the resolutions authorizing sales not be signed by Ms. Gould or Mr. Scartozzi, as appears from a copy of this notice of default, communicated as **Exhibit P-19**. In fact, it further appeared that Frank Scartozzi and Stephanie Gould had refused to sign any resolution since October 2023.
70. On March 1st, 2024, KingSett issued a new notice of default, given its discovery of several unpermitted encumbrances, being four (4) construction legal hypothecs by trades and suppliers and one (1) prior notice to exercise a hypothecary right, as appears from a copy of this notice of default, communicated as **Exhibit P-20**. It appears that many of these trades and suppliers had not been paid since 2020 by Groupe Mancini, as appears notably from paragraph 75 of the Oppression Application (Exhibit P-13).
71. This situation has created immense problems with the management of the site and project, as trades and suppliers have no confidence in the ability to finish and fund the remainder of the work. It further appears that Mr. Scartozzi was also contacting these parties to encourage them not to show up on site.
72. Following the issuance of this notice and with Mr. Marchand's collaboration, KingSett undertook to negotiate and settle these various claims, in order to preserve its position and allow for the sale process for the units to begin shortly, as the Saint-Grégoire Project continued its progress despite the desertion of Groupe Mancini and its directors and officers, being Frank Scartozzi and his wife Stephanie Gould.
73. At such time, the Saint-Grégoire Project was nearing the date when sales could finally begin to be closed with promisors.
74. In the following weeks, and despite countless invitations to meet, discuss and set aside ongoing disputes between Mr. Marchand, on one end, and Groupe Mancini, Ms. Gould and Mr. Scartozzi, on the other end, these last three parties began their coordinated efforts to block sales, sabotage the Saint-Grégoire Project and attempts to gain leverage in such a context.

75. These actions are but a prelude to the ultimate registration of the Mancini Hypothec.
76. On April 2, 2024, and despite having given Mr. Marchand authorization to finish the Saint-Grégoire Project by using the RBQ license of Groupe Mancini, given especially that it had no intention to resume its implication on site and on the Saint-Grégoire Project, Mr. Scartozzi sent an email to Mr. Marchand and the Debtor advising them that Groupe Mancini terminated the construction contract, as appears from a copy of this correspondence, communicated as **Exhibit P-21**.
77. On April 4, 2025, the Receiver filed an *Application for Instructions and Cancellation of a Legal Hypothec*, as appears from a copy of this application, communicated as **Exhibit P-22**, which was the object of a common declaration signed by the Receiver and Mancini on July 28, 2025, as appears from a copy of same, communicated as **Exhibit P-23**.
78. On April 18, 2024, having been informed of this purported termination, KingSett sent a letter to counsels to Groupe Mancini, Frank Scartozzi and Stephanie Gould, advising them that it considered the termination as illegitimate, given that no serious reasons justified the use of the termination under Section 2126 C.c.Q., and the self-inflicted damages that ensued from the complete desertion of the Saint-Grégoire Project, as appears from a copy of this notice of default, communicated as **Exhibit P-24**.
79. In light of the measures taken, KingSett put Stephanie Gould on notice that she would be removed as director of the Debtor and that KingSett would exercise its rights, unless Ms. Gould accepted to (i) sign any and all requisite resolutions with the notary to allow for the sale process to begin, or (ii) remove herself voluntarily.
80. Given the absence of any response, on April 22, 2024, KingSett exercised its rights as proxyholder and removed Ms. Gould as a director of the Debtor, as appears from a copy of said notice and resolution, communicated en liasse as **Exhibit P-25**.
81. The expulsion and removal of Stephanie Gould as director was never contested, opposed or disputed by neither herself, Groupe Mancini nor Frank Scartozzi.
82. Over the months of June and July, 2024, KingSett assisted Mr. Marchand in negotiating settlements with trades and suppliers, in order to allow for a clean title to proceed with sales, which were expected to begin as soon as August 2024.
83. Mr. Marchand, the Debtor and KingSett were then hopeful that the process would move forward smoothly and that sales will continue to close as the work progresses towards the finish line.
84. However, on or around October 3, 2024, KingSett was made aware that Groupe Mancini had registered the Mancini Hypothec.
85. It is to be noted that the only invoice ever received by KingSett from Groupe Mancini was an invoice named "Facture finale" in the amount of \$431,156.25 (\$350,000 plus taxes) for a 5% fee on construction work in the amount of \$7.5M work purportedly performed by Mancini from "December 2020 to March 2024", without any other details, as appears from a copy of this invoice, communicated as **Exhibit P-26** hereto.
86. Clearly, and notwithstanding the damages caused to the Debtor, these amounts are nearly all time-barred at their very face.

87. The mere existence and contents of this invoice completely discredit the claim set forth under the Hypothec, which is undocumented, frivolous and self-serving. This Hypothec clearly has no basis whatsoever, *inter alia*, in light of the desertion from the Saint-Grégoire Project, the absence of any work performed, and of any sum owed to Groupe Mancini.
88. It is manifest from the actions taken by Groupe Mancini, Frank Scartozzi and Stephanie Gould that, to the contrary, it is rather these parties that have caused damages to the Debtor, to KingSett and to other stakeholders by way of their reckless, voluntary and illicit and purely strategic actions taken without any consideration for anyone.
89. It is further evident that these actions appear to be of retaliatory nature against the action instituted by Mr. Marchand and the Debtor which are detailed in the Oppression Application, and to be nothing else but an attempt to elicit some form of financial gain or leverage.
90. On October 3, 2024, Groupe Mancini, Frank Scartozzi and Stephanie Gould were put on demand to cancel and discharge this egregious Hypothec, as appears from a copy of this letter of demand, communicated as **Exhibit P-27** hereto.
91. No response was ever received in relation to this letter of demand.
92. In April 2025, KingSett instituted proceedings under its guarantee against Mr. Scartozzi, in the approximate amount of \$11.9M, as at that date.
93. The objective of these abusive actions by Mancini and/or Scartozzi was clearly to take all stakeholders hostage and to compromise any potential sales, to the ultimate prejudice of KingSett.
94. Those actions did not stop there and Mancini and Mr. Scartozzi thereafter proceeded to launch an onrush of judicial proceedings in numerous files, including proceedings directed towards current owners on the very same day that the Receiver sought a vesting order for a unit (which was not contested), as described in the Abuse Application.
95. They have also systematically implicated KingSett as party in warranty or impleaded parties in their judicial quagmire, including notably the following matters:
  - (a) the Oppression File (500-11-064564-244);
  - (b) the hypothecary proceedings filed by the Subordinated Lender against their borrowers and guarantors (505-17-015433-255); and
  - (c) the hypothecary actions filed against current owners of units of the Saint-Grégoire Project (500-17-137088-269).
96. KingSett intends to file applications/exceptions to dismiss in order to be declared *hors de cause*, in due time.
97. Although a common declaration was filed in relation to same by the Receiver, KingSett is of the opinion that the Mancini Hypothec is at its very face time-barred, abusive and ill-timed given the abandonment of the project in October 2023, which equates in such case as the end of the work. In such case, the Applicant submits that a debate on the legal question of prescription and abandonment should take place without delay in order to put

an end to the exorbitant costs in continuing such a debate on the face of the Mancini Hypothec.

98. The intervention of the Court is required on an expedited and urgent basis to strike down the Mancini Hypothec, approve the proposed transaction and stop the waste of judicial resources by a disgruntled and abusive party.

#### **VIII. REASONS SUPPORTING THE TERMINATION OF THE RECEIVERSHIP PROCEEDINGS**

99. Since October 2023, KingSett has not only continued to directly support the completion of the Saint-Grégoire Project notwithstanding the numerous unremedied defaults and the desertion of the general contractor and former partner of the Debtor, but it has undertaken to do so by negotiating with the beneficiary of former construction legal hypothecs (now discharged), and by directly paying trades and suppliers itself, upon receipt of the requisite documentation.
100. This was done in order to attempt to preserve its position and security as much as possible in the circumstances, and to avoid catastrophic delays and consequences for all stakeholders, including trades, suppliers and, above all, clients and purchasers of the units undergoing construction.
101. This was also deemed necessary given the lack of confidence of trades and suppliers in the Debtor's ability to complete the Saint-Grégoire Project and provide payment in due time, including as a result of Groupe Mancini and its representatives' interference.
102. To put it simply, KingSett has deployed all measures in good faith to avoid and before seeking the appointment of a receiver, which became unavoidable.
103. Moreover, as it appears from the Proposed Receiver's Report (Exhibit P-8), the costs of construction incurred as at November 2024 totalled an approximate amount of \$15,369,000, significantly in excess of the original budget of \$8,774,000, and the sale of the Saint-Grégoire Project will not be sufficient to allow KingSett to fully recover its claim.
104. Furthermore, costs to preserve and maintain the project continued to be incurred daily by KingSett which increased its claim by incurring additional funds and expenses that will never be repaid, funds that are effectively lost to KingSett.
105. Initially, the project had twelve condominium units with prospective buyers; however, to date, only five sales transactions were successfully completed over an aggregate timeframe of almost 3 years.
106. During that time and since November 2024, KingSett has also had to assume the costs and expenses associated with the receivership, including the fees of the Receiver and its counsel.
107. KingSett has also had to deal with the prejudice of the abusive and multiplying claims brought forward by Mancini and Frank Scartozzi.
108. Every passing day increases the urgency for Court intervention and for the termination of these proceedings, especially in the context where KingSett's recovery is in peril.

109. KingSett also respectfully submits that it is justified to seek the distribution to KingSett of the proceeds collected following the closing (expected or having occurred) of the sales relating to units 303, 305, 202 and 307.
110. In light of the transaction sought for approval pursuant to the Proposed AVO, there will be no more Debtor assets to monetize.
111. Subject to the work necessary for the closing of the proposed transaction, there will be no other material outstanding matters in these proceedings, such that they should be terminated upon issuance of the receiver's certificate at such time.
112. KingSett also supports that the Receiver be empowered to assign the Debtor into bankruptcy, as soon as appropriate, as determined by the Receiver in consultation with the Applicant.

**IX. EXHIBIT P-10 UNDER SEAL**

113. The Applicant respectfully submits that Exhibit P-10 (the Credit Bid) should be filed under seal until closing of the proposed transaction, in order to preserve the integrity of the process.
114. The Applicant understands that this relief is supported by the Receiver.

**FOR THESE REASONS, MAY IT PLEASE THE COURT TO**

**GRANT** the present Application.

**ISSUE** an order substantially in the form of the Proposed AVO, Exhibit P-1.

**ISSUE** an order substantially in the form of the Proposed *Ordonnance de radiation*, Exhibit P-2, to give effect to the transaction and discharges contemplated pursuant to the Proposed AVO.

**THE WHOLE, WITH LEGAL COSTS.**

MONTRÉAL, March 6, 2026

*McCarthy Tétrault LLP*

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**MCCARTHY TÉTRAULT, LLP**

Attorneys for the Applicant

Mtre Alain N. Tardif

Mtre Marc-Étienne Boucher

(514) 397- [4274/5463]

[atardif@mccarthy.ca](mailto:atardif@mccarthy.ca); [meboucher@mccarthy.ca](mailto:meboucher@mccarthy.ca);

1000, De La Gauchetière West, MZ400

Montréal QC H3B 0A2

Fax : 514-875-6246

All notifications by email must be addressed to

[notification@mccarthy.ca](mailto:notification@mccarthy.ca)

**SUPERIOR COURT**  
(Commercial Division)

**C A N A D A**  
**PROVINCE OF QUEBEC**  
**DISTRICT OF MONTREAL**  
No : 500-11-064927-243

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***IN THE MATTER OF THE RECEIVERSHIP OF:***

**11475584 CANADA INC.**

Debtor

-and-

**KINGSETT MORTGAGE CORPORATION**

Applicant

-and-

**RICHTER INC.**

Receiver

-and-

**11192183 CANADA INC.**

-and-

**CITY OF MONTRÉAL**

-and-

**CORPORATION HPP INC.**

-and-

**100079 CANADA INC.**

-and-

**INDIVIDUAL INVESTMENT CORPORATION**

-and-

**THE LAND REGISTRY OFFICER OF THE MONTREAL LAND REGISTRATION DIVISION**

-and-

**THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS  
(QUEBEC)**

Impleaded Parties

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**LIST OF EXHIBITS**

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<b>Exhibit</b>	<b>Description</b>
<b>P-1</b>	Draft Approval and Vesting Order
<b>P-2</b>	Draft <i>Ordonnance de radiation</i>
<b>P-3</b>	Credit agreement– <i>en liasse</i>
<b>P-4</b>	<b>P-04a</b> – Deed of Hypothec – KingSett
	<b>P-04b</b> – Guarantee dated October 13, 2022
<b>P-5</b>	Forbearance Agreement
<b>P-6</b>	Mancini Hypothec
<b>P-7</b>	Application to appoint a Receiver - 2024-11-19
<b>P-8</b>	<b>P-08a</b> – 2024-11-20 Order Appointing a Receiver
	<b>P-08b</b> – 2024-12-18 Amended Order Appointing a Receiver
<b>P-9</b>	<b>P-09</b> – 11475584 Canada Inc. entente de confidentialité
	<b>P-09a</b> – 11475584 Canada Inc. Confidentiality Undertaking
	<b>P-09b</b> – St-Grégoire – Teaser_En
	<b>P-09c</b> – St-Grégoire – Teaser_Fr
	<b>P-09d</b> – Termes et conditions – Vente des actifs
<b>P-09e</b> – Marketing conditions – Sale of assets	
<b>P-10</b>	<b>UNDER SEAL</b> –redit Bid Offer
<b>P-11</b>	Index aux immeubles and RDPRM, en liasse
<b>P-12</b>	First Amended Escrow Agreement

<b>P-13</b>	Oppression Application
<b>P-14</b>	500-11-064927-243 – Application for the issuance of a Declaration of Failure to Act in Good Faith and Ancillary Relief
<b>P-15</b>	Abandonment Admission
<b>P-16</b>	Notice of Additional Default – November 21, 2023
<b>P-17</b>	Response to KingSett and admission re: tax monies – November 29, 2023
<b>P-18</b>	Notice of maturity of loan – January 17, 2024
<b>P-19</b>	Notice of Default – February 21, 2024
<b>P-20</b>	Notice of Default – March 1, 2024
<b>P-21</b>	Email dated April 2, 2024
<b>P-22</b>	Signed Application for Instructions and to Cancel Legal Hypothec – Pour Affidavit OB – April 4, 2025
<b>P-23</b>	Common Declaration in relation to P-22
<b>P-24</b>	Notice of Default – April 18, 2024
<b>P-25</b>	Notice – Proxyholders - April 22, 2024
<b>P-26</b>	Facture Finale – Mancini – 31 mars 2024
<b>P-27</b>	Letter of Demand – October 3, 2024

MONTREAL, March 6, 2026

*McCarthy Tétrault LLP*

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**MCCARTHY TÉTRAULT, LLP**  
Attorneys for the Applicant

**SUPERIOR COURT**  
(Commercial Division)

**C A N A D A**  
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No : 500-11-064927-243

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**THE LAND REGISTRY OFFICER OF THE MONTREAL LAND REGISTRATION DIVISION**

-and-

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Impleaded Parties

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**SWORN DECLARATION**

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I, Daniel Pollack, having my professional address 3700-40 King Street West, Scotia Plaza, in the city of Toronto, province of Ontario M5H 3Y2, do solemnly declare as follows:

1. I have the title of Executive Director, Portfolio Management.
2. All the facts alleged in the Application are true to the best of my knowledge.

AND I HAVE SIGNED:

Signed by:  
  
31178FE3528448D  
Daniel Pollack

---

SOLEMNLY AFFIRMED before me in the city of Montréal, province of Québec, this 6th day of March, 2026, by Daniel Pollack, whose oath was taken in the city of Whistler, province of British Columbia, and received in the city of Montréal, province of Québec, the whole by technological means

**Manouchka Piard (# 239401)**

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Commissioner for Oaths for the Province of Québec

**SUPERIOR COURT**  
(Commercial Division)

**C A N A D A**  
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(QUEBEC)**

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**NOTICE OF PRESENTATION**

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**1. PRESENTATION OF THE PROCEEDING**

- 2. TAKE NOTICE** that the *Application for the issuance of an approval and vesting order and ancillary relief*, will be presented virtually, on a pro forma basis, before Justice Michel A. Pinsonneault, J.S.C. on **March 9, 2026, at 9:30 am in room 16.04** of the Montreal Courthouse or as soon as counsel may be heard.

**3. HOW TO JOIN THE VIRTUAL CALLING OF THE ROLL IN PRACTICE DIVISION**

The contact information to join the hearing in virtual Room 16.04 is as follows:

[https://coursuperieureduguebec.ca/fileadmin/cour-superieure/Audiences\\_virtuelles\\_Montreal/Montreal\\_Codes\\_Teams\\_CS\\_Chambres\\_commerciales\\_civile\\_et\\_de\\_la\\_famille.pdf](https://coursuperieureduguebec.ca/fileadmin/cour-superieure/Audiences_virtuelles_Montreal/Montreal_Codes_Teams_CS_Chambres_commerciales_civile_et_de_la_famille.pdf)

<b>16.04</b>	<p><b><u>Rejoindre la réunion Microsoft Teams</u></b> <a href="tel:+15813192194">+1 581-319-2194</a> Canada, Quebec (Numéro payant) <a href="tel:(833)4501741">(833) 450-1741</a> Canada (Numéro gratuit) ID de conférence : 516 211 860# <a href="#">Numéros locaux</a>   <a href="#">Réinitialiser le code confidentiel</a>   <a href="#">En savoir plus sur Teams</a>   <a href="#">Options de réunion</a> Rejoindre à l'aide d'un dispositif de vidéoconférence <a href="mailto:teams@teams.justice.gouv.qc.ca">teams@teams.justice.gouv.qc.ca</a> ID de la conférence VTC : 1149478699 <a href="#">Autres instructions relatives à la numérotation VTC</a></p>
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**4. FAILURE TO PARTICIPATE IN THE VIRTUAL CALLING OF THE ROLL**

**TAKE NOTE** that if you wish to contest the proceeding, you must inform in writing the party that initiated the proceeding at the contact information indicated in this notice of presentation at least 48 hours before the date of presentation of the proceeding and participate in the virtual calling of the roll. Otherwise, a judgement may be rendered against you during the presentation of the proceeding, without further notice or delay.

**5. OBLIGATIONS**

- 5.1 Duty of cooperation

**TAKE NOTE** that you are duty-bound to co-operate and, in particular, to keep one another informed at all times of the facts and particulars conducive to a fair debate and to make sure that relevant evidence is preserved (*Code of Civil Procedure*, art. 20)

## 5.2 Dispute prevention and resolution processes

**TAKE NOTE** that before referring your dispute to the Court, you must consider private dispute prevention and resolution processes, which consist of negotiation between the parties as well as mediation and arbitration, in which the parties call on a third person to assist them (*Code of Civil Procedure*, art. 2).

**PLEASE GOVERN YOURSELF ACCORDINGLY.**

**No. 500-11-064927-243**

**SUPERIOR COURT  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL**

**11475584 CANADA INC.**

Debtor

-and-

**KINGSETT MORTGAGE CORPORATION**

Applicant

-and-

**RICHTER INC. AND AL.**

Receiver

**APPLICATION FOR THE ISSUANCE OF AN APPROVAL  
AND VESTING ORDER AND ANCILLARY RELIEF**

(Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3)

**ORIGINAL**

BC0847

**McCarthy Tétrault LLP**

Barristers & Solicitors • Patent & Trade-mark Agents

Suite MZ400

1000 rue De La Gauchetière Ouest

Montréal (Québec) H3B 0A2

Tél. : 514 397-4100

Fax : 514 875-6246

[Notification@mccarthy.ca](mailto:Notification@mccarthy.ca)

