SUPERIOR COURT OF JUSTICE

# COUNSEL/ENDORSEMENT SLIP

**COURT FILE NO.:** CV-19-628258-00CL **DATE:** 1 June 2023

**NO. ON LIST:** 1

**TITLE OF PROCEEDING:** **Law Society of Ontario v Derek Sorrenti and Sorrenti Law Professional Corporation**

**BEFORE JUSTICE EWEN**

## PARTICIPANT INFORMATION

**For Plaintiff, Applicant, Moving Party, Crown:**

| Name of Person Appearing | Name of Party | Contact Info |
|---|---|---|
| Jeremy Dacks (he/him)<br>Michael De Lellis (he/him)<br>Mary Paterson (she/her)<br>**Osler, Hoskin & Harcourt LLP** | Counsel for the Trustee, FAAN Mortgage Administrators Inc. in its capacity as Court-Appointed Trustee of Derek Sorrenti and Sorrenti Professional Law Corporation | jdacks@osler.com<br>mdelellis@osler.com<br>mpaterson@osler.com |
| Naveed Manzoor (he/him)<br>Daniel Sobel (he/him)<br>**FAAN Mortgage Administrators Inc.** | Trustee | naveed@faanmortgageadmin.com<br>daniel@faanmortgageadmin.com |

**For other:**

| Name of Person Appearing | Name of Party | Contact Info |
|---|---|---|
| George Benchetrit (he/him)<br>**CHAITONS LLP** | Court-Appointed Representative Counsel for Investors | george@chaitons.com |
| Ryan Morris (he/him)<br>**BLAKE, CASSELS & GRAYDON LLP** | Counsel for Olympia Trust Company | ryan.morris@blakes.com |
| Serge Kalloghlian(he/him)<br>**KALLOGHLIAN MYERS LLP** | Counsel to the Raponi Plaintiff Court File No. CV-20-00643593-00CP | serge@kalloghlianmyers.com |
| Lisa Parliament (she/her)<br>Peter Willis (he/him)<br>**MCMILLAN LLP** | Counsel for the Defendants, ADI Developments (Link) Inc. and ADI Development Group Inc. | lisa.parliament@mcmillan.ca<br>peter.willis@mcmillan.ca |
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| Margaret Waddell (she/her)<br>**WADDELL PHILLIPS PC** | Counsel for certain proposed representative plaintiffs in class action proceedings against Sorrenti and other parties | marg@waddellphillips.ca |
| Mitchell Wine (he/him)<br>**MSTW Professional Corporation** | Counsel for certain proposed representative plaintiffs in class action proceedings against Sorrenti and other parties | Counsel for certain proposed representative plaintiffs in class action proceedings against Sorrenti and other parties |
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**ENDORSEMENT OF JUSTICE MCEWEN:**

The three orders sought today shall go as per the drafts filed and signed. All relief sought is unopposed and supported by the parties represented by Messrs Benchetrit/Kalloghlian and Ms. Parliament (without admission of liability).

Generally, based on the filed materials and the submissions of counsel for the Trustee I am satisfied that service ought to be validated. The stakeholders, particularly the approx. 2,900 investors, have received notice. No investors attended.

The orders sought involve three pieces of complex litigation, including the two class actions. I will first deal with the settlement.

The ~~[illegible]~~ recovery in this proceeding at approx 91% of amounts sought is very fair and reasonable and in the best interests of all stakeholders. It is necessary that it be paid over time, but the necessary guarantee/security is in place. The settlement is far preferrable to ongoing costly litigation, with its inherent risks and possible delay.

I have also reviewed the releases with counsel. I am satisfied that they strike the necessary balance of ensuring finality, without prejudicing the rights of any stakeholder. The releases sought are properly responsive to the complex multi-faceted litigation and particularly responsive to the class action component of the settlement.

In this regard, however, the stakeholder and parties do not object to wording proposed by the LSO stipulating that nothing in the Sutton Settlement Agreement or resulting Order and in particular the Releases contained in the Settlement Agreement or the definition of the Released Claims, in any way affects the jurisdiction of the Law Society to initiate, continue, or pursue any future or ongoing investigations or regulatory proceedings in respect of licensees or former licensees.

The fees for class action counsel are fair and reasonable given their participation and are being paid over time.

I pause here to note that class action counsel and representative counsel fully participated in the settlement.

All other ancillary terms are fair and reasonable.

Insofar as the Distribution Order and Fourth Omnibus Order are concerned I agree that the Pari Passu Approach is fair and reasonable as per the Trustee Report. It is the fairest and most equitable approach given the poor record keeping, misleading information and the fact that all investors are innocent victims.

Given the money received it is also sensible to allow for the 75% distribution at this time and appropriate to do so.

I also approve the Trustee's and its counsel's fees and disbs, as well as the Trustee's activities.

The sealing order is also appropriate and the Sherman Estate criteria have been met. The invoices include privileged and commercially sensitive information regarding the projects and the administration. Disclosure of the selective redactions would have material adverse effects on the stakeholders. The sealing order sought is also consistent with the prior sealing orders granted by this Court.

Based on the foregoing I granted all three orders sought, including all ancillary relief not referenced in this endorsement.

[signature]

Addendum

As of July 1/23 Justice Osborne has agreed to assume case mangemt of these matters.

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