From: Koehnen, Mr. Justice Markus (SCJ) [redacted]
Sent: November 1, 2021 2:27 PM
To: [redacted]
Subject: RE: Court File No. CV-2000641059-00CL - In the Matter of Winding Up of Pace Securities Corp. et. al.

Email Endorsement

1. Ernst & Young is the liquidator of Pace Securities Corp. ("PSC"), Pace Financial Limited ("PFL"), Pace Insurance Brokers Limited ("PIB") and Pace General Partner Limited ("PGPL"). It seeks orders today to establish a claims process for various entities it is administering, an order providing for the bankruptcy of PIB and an order approving its activities, fees, and disbursements.

2. The orders it seeks are unopposed. I am satisfied that the relief should be granted.

3. One of the principal claims against the various Pace entities and their officers and directors was a large series of investor claims. Those have now been settled. The liquidator therefore now believes it is appropriate to run a claims process to manage distributions to creditors. The proposed claims bar date is January 14, 2022. That gives ample time for creditors to file claims.

4. In addition, EY also seeks to initiate a claims process for the limited partnership underlying PGPL, refer to as PCPLP. The liquidator has had discussions with the limited partners of PCPLP. None of the remaining limited partners is interested in finding a replacement General Partner. Three of the five limited partners have confirmed that they would prefer a dissolution of the partnership. The other two have not provided any views on the issue. In those circumstances, it is appropriate for the liquidator to mount a claims process for PCPLP as well.

5. The bankruptcy of PIB is justified. It has no assets and approximately $390,000 in liabilities. There is no prospect for it to pay off those liabilities.

6. I am satisfied that the fees and disbursements of the Liquidator and its counsel should be approved. While the fees are high at first blush, this was a complex liquidation.

7. It involved the transfer of a large number of retail investment accounts from Pace entities to other brokers. That was made complicated because the investors had claims against Pace, its officers and directors and the bank at which the accounts were held, Laurentian back. Resolution of the transfer involved discussions with Laurentian Bank, potential new institutions, regulators and directors and officers who faced liability claims as well as the insurers representing those officers and directors.

8. In addition, the liquidator conducted several rounds of extensive negotiations that ultimately led to a $40 million settlement in favour of the investors. The discussions included discussions with the plaintiffs, representative counsel, and a variety of defendants and their insurers. Those discussions led first to the appointment of representative counsel by court order, then to a negotiation and mediation process and then finalization of the settlement.

9. I am satisfied that the fees and disbursements incurred are reasonable for the complexity of the file, the amount of work done and the results achieved.

10. I understand that the liquidator requires a bankruptcy file number from the court office. Ordinarily, a court file number file is not issued without a placeholder date for the bankruptcy hearing. What is usually a placeholder date for the bankruptcy hearing is what actually occurred today. The liquidator is at liberty to refer the court office to this paragraph of the endorsement in order to ensure that a bankruptcy court file number is issued is soon as possible so that formal orders can be taken out.

Justice Markus Koehnen
Ontario Superior Court of Justice
361 University Ave.

Toronto, Ont.
M5G 1T3
416-327-5284