

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

*THURSDAY*

THE HONOURABLE )  
JUSTICE MCEWEN )

~~WEDNESDAY~~, THE 26<sup>TH</sup>  
DAY OF JULY, 2018

**BETWEEN:**

VOLKAN BASEGMEZ, CEM BLEDA BASEGMEZ, ANIL RUKAN BASEGMEZ,  
BA&B CAPITAL INC., SERDAR KOCTURK  
and KAAAN HOLDINGS INC.



**Applicants**

- and -

ALI AKMAN, SAMM CAPITAL HOLDINGS INC.  
and TARN FINANCIAL CORPORATION

**Respondents**

**APPLICATION UNDER** Sections 207 and 248 of the *Business Corporations Act*, R.S.O. 1990,  
c. B.16.

**FIRST DISTRIBUTION ORDER**

**THIS MOTION**, made by KPMG Inc. (“**KPMG**”), in its capacity as Court-appointed Liquidator (in such capacity, the “**Liquidator**”) pursuant to section 207 of the Ontario *Business Corporations Act* of the effects and estate of Tarn Financial Corporation (“**Tarn Financial**”), and appointed pursuant to the Winding Up Order of Justice Lederman dated September 15, 2017 (the “**Winding Up Order**”) which appointment was effective on September 25, 2017, for an order, authorizing and directing the Liquidator to make a distribution: (a) first to Meridian Credit Union Limited (“**Meridian**”) in an amount sufficient to repay in full the indebtedness owed by Tarn Financial to Meridian, which is secured by first ranking security; (b) second to Kingsett Mortgage

Corporation (“**Kingsett**”) in an amount sufficient to repay in full the indebtedness owed by Tarn Financial to Kingsett, which is secured by second ranking security; and (c) subject to establishing a reserve with The Guarantee Company of North America (“**The Guarantee Company**”) and Tarion Warranty Corporation (“**Tarion**”) in accordance with the terms of the Deposit Return Procedure Order dated June 14, 2018 (the “**Deposit Return Procedure Order**”), third to repay in full the borrowings made by the Liquidator under the Borrowings Charge granted pursuant to paragraph 18 of the Winding Up Order as increased by the Order of Justice McEwen dated April 13, 2018 (the “**April Ancillary Order**”) and as evidenced by the Liquidator’s Certificates dated December 17, 2017, February 5, 2018, and May 17, 2018 (the “**Liquidator’s Borrowings Certificates**”) was heard July 26, 2018 at 330 University Avenue, Toronto, Ontario.

**ON READING** the Fifth Report of the Liquidator and the Third Report of the Receiver dated July 19, 2018 (the “**Fifth Report**”), and on hearing the submissions of counsel for the Liquidator, and any such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Alina Stoica sworn July 23, 2018 filed:

#### **SERVICE AND GENERAL**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is abridged and validated such that this Motion is properly returnable today, and further service of the Notice of Motion and the Motion Record is hereby dispensed with.
2. **THIS COURT ORDERS** that capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Winding Up Order.

#### **DISTRIBUTIONS TO SECURED CREDITORS**

3. **THIS COURT ORDERS** that, subject to the Liquidator either entering into satisfactory reimbursement terms relating to potential priority claims with the following secured creditors or establishing a sufficient reserve to account for potential priority claims, the Liquidator is hereby authorized and directed to make a distribution:

- (a) first to Meridian in an amount sufficient to repay in full the indebtedness owed by Tarn Financial to Meridian, which is secured by first ranking security;

- (b) second to Kingsett in an amount sufficient to repay in full the indebtedness owed by Tarn Financial to Kingsett, which is secured by second ranking security; and
- (c) subject to establishing a reserve with The Guarantee Company and Tarion in accordance with the terms of the Deposit Return Procedure Order, third to repay in full the borrowings made by the Liquidator under the Borrowings Charge granted pursuant to paragraph 18 of the Winding Up Order as amended by the April Ancillary Order and as evidenced by the Liquidator's Borrowings Certificates.

**GENERAL PROVISION**

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Liquidator and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Liquidator and its agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

JUL 26 2018

PER / PAR: RW

Volkan Basegmez et al v. Ali Akman, SAMM Capital Holdings Inc. and Tarn Financial Corporation

Court File No.: CV-17-11697-00CL

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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

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**FIRST DISTRIBUTION ORDER  
DATED JULY 26, 2018**

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Lawyers for KPMG Inc., in its capacity as Court-appointed Liquidator of Tarn Financial Corporation and Court-appointed Receiver of Tarn Construction Corporation.