



Court File No./N° du dossier du greffe: CV-18-00599018-0000

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Electronically issued
Délivré par voie électronique : 01-Jun-2018
Toronto

**RENATA FORD, STEPHANIE FORD by her
litigation guardian RENATA FORD, and
DOUGLAS FORD by his litigation guardian RENATA FORD**

Plaintiffs

and

**DOUGLAS ROBERT FORD, in his capacity as estate trustee of
the Estate of ROBERT BRUCE FORD, deceased, and in his
capacity as estate trustee of the Estate of DOUGLAS BRUCE
FORD, deceased, and in his personal capacity, RANDAL
DOUGLAS FORD, in his capacity as estate trustee of the Estate
of DOUGLAS BRUCE FORD, deceased, and in his personal
capacity, DECO ADHESIVE PRODUCTS (1985) LIMITED,
DECO LABELS & TAGS LTD. and DOUG FORD HOLDINGS INC.**

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff.
The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date: _____ Issued by: _____
Local Registrar

Address of court office: 393 University Avenue
10th Floor
Toronto, ON M5G 1E6

TO: **DOUGLAS ROBERT FORD**, in his capacity as estate trustee of the Estate of
ROBERT BRUCE FORD, deceased
6 Tettenhall Road
Etobicoke ON M9L 2C3

AND TO: **DOUGLAS ROBERT FORD**, in his capacity as estate trustee of the Estate of
DOUGLAS BRUCE FORD, deceased
6 Tettenhall Road
Etobicoke ON M9L 2C3

AND TO: **DOUGLAS ROBERT FORD**, in his personal capacity
6 Tettenhall Road
Etobicoke ON M9L 2C3

AND TO: **RANDAL DOUGLAS FORD**, in his capacity as estate trustee of the Estate of
DOUGLAS BRUCE FORD, deceased
15 Weston Wood Road
Etobicoke ON M9P 1R7

AND TO: **RANDAL DOUGLAS FORD**, in his personal capacity
15 Weston Wood Road
Etobicoke ON M9P 1R7

AND TO: **DECO ADHESIVE PRODUCTS (1985) LIMITED**
28 Greensboro Drive
Rexdale, ON M9W 1E1

AND TO: **DECO LABELS & TAGS LTD.**
28 Greensboro Drive
Rexdale, ON M9W 1E1

AND TO: **DOUG FORD HOLDINGS INC.**
28 Greensboro Drive
Rexdale, ON M9W 1E1

AND TO: **OFFICE OF THE CHILDREN'S LAWYER**
Ministry of the Attorney General
393 University Avenue
Toronto ON M5G 1E6

CLAIM

1. The plaintiffs claim:

- (a) a declaration that Douglas Robert Ford ("**Doug Ford**") is in breach of trust in his capacity as estate trustee of the Estate of Robert Bruce Ford, deceased, ("**Rob's Estate**"), and in his capacity as estate trustee of the Estate of Douglas Bruce Ford, deceased ("**Doug Sr.'s Estate**");
- (b) a declaration that Randal Douglas Ford ("**Randy Ford**") is in breach of trust in his capacity as estate trustee of Doug Sr.'s Estate;
- (c) a declaration that Doug Ford and Randy Ford, as directors and officers of Deco Adhesive Products (1985) Limited ("**Deco Toronto**"), Deco Labels & Tags Ltd. ("**Deco Chicago**"), Doug Ford Holdings Inc., and their affiliated bodies corporate (collectively, the "**Deco Companies**"), have conducted the business and affairs of those corporations and exercised their powers as directors in a manner which is oppressive, unfairly prejudicial to, and which unfairly disregards the interests of the plaintiffs;
- (d) a declaration that the Deco Companies, Doug Ford and Randy Ford conspired together to effect and knowingly assisted in breaches of trust, and are in knowing receipt of trust property;
- (e) orders removing Doug Ford and Randy Ford as estate trustees of Doug Sr.'s Estate, and appointing a replacement estate trustee;
- (f) an order requiring Doug Ford to pass the accounts of Rob's Estate;

- (g) an order for the accounting and disgorgement of all monies diverted from Doug Sr.'s Estate and paid to or for the benefit of the Deco Companies, Doug Ford, Randy Ford, and to others who are not beneficiaries of Doug Sr.'s Estate;
- (h) an order tracing the monies referred to in paragraph (g) above;
- (i) damages for breach of trust, negligence, conspiracy, and breach of common law and statutory duty, in favour of the plaintiff Stephanie Ford against Doug Ford and Randy Ford, in an amount as yet unascertained but presently estimated to be \$5,000,000;
- (j) damages for breach of trust, negligence, conspiracy, and breach of common law and statutory duty, in favour of the plaintiff Douglas Ford against Doug Ford and Randy Ford in an amount as yet unascertained but presently estimated to be \$5,000,000;
- (k) damages for breach of trust, negligence, conspiracy, and breach of common law and statutory duty, in favour of the plaintiff Renata Ford against Doug Ford and Randy Ford in an amount as yet unascertained but presently estimated to be \$5,000,000;
- (l) punitive damages in the amount of \$250,000 against each defendant;
- (m) such orders as to this Honourable Court seem just under s. 241(3) of the *Canada Business Corporations Act*, to remedy the oppressive misconduct of Doug Ford and Randy Ford and fully compensating the plaintiffs for their losses;

- (n) pre-judgment and post-judgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c.43, in respect of all the damages and compensatory amounts ordered to be paid by the defendants;
- (o) costs of this action on a complete indemnity basis; and
- (p) such further and other relief as counsel may advise and to this Honourable Court may seem just.

THE PARTIES

2. The plaintiff Renata Ford is the widow of the late Robert Bruce Ford ("**Rob Ford**"), and the mother of the plaintiffs Stephanie Ford and Douglas Ford. The plaintiffs reside together in the City of Toronto.

3. The plaintiff Stephanie Ford is the daughter of the late Rob Ford, and the granddaughter of the late Douglas Bruce Ford. She is a minor child who resides with her mother in Toronto.

4. The plaintiff Douglas Ford is the son of the late Rob Ford, and the grandson of the late Douglas Bruce Ford. He is a minor child who resides with his mother in Toronto.

5. The defendant Doug Ford is a politician and part-time businessman who resides in Toronto. At all material times Doug Ford was the estate trustee of Rob's Estate, and one of the estate trustees of Doug Sr.'s Estate, as well as an officer and director of the Deco Companies.

6. The defendant Randy Ford is a businessman who resides in Toronto. At all material times Randy Ford was one of the estate trustees of Doug Sr.'s Estate, as well as an officer and director of the Deco Companies.

7. The defendants Deco Toronto, Deco Chicago and Doug Ford Holdings Inc. are companies incorporated under the laws of Canada, with registered head offices in Toronto.

THE ESTATES

8. Douglas Bruce Ford ("Doug Sr.") died on September 22, 2006. Doug Sr.'s Estate is governed by his two last Wills, being a Primary Will and a Secondary Will, both made on August 24, 2006.

9. The defendants Doug Ford and Randy Ford, together with their mother Ruth Diane Ford, are the executors and the trustees of both the Primary Estate and Secondary Estate of Doug Sr. The Primary Estate consists of property he owned at the time of his death, except for specific classes of property described in his Secondary Will:

- "(a) all articles of personal, domestic, household and garden use or ornament (including all consumable stores, all automobiles, boats and other vehicles and all accessories thereto) that I may own at the time of my death;
- (b) any shares or other securities issued by Doug Ford Holdings Inc. ("DFHI"), a corporation incorporated under the laws of Canada, which I may own at the time of my death;
- (c) any shares or other securities that I may own at the time of my death of any other corporation, incorporated under the laws of Canada, a province thereof or any other jurisdiction or which is treated as such under such laws and which does not offer its securities to the public; and
- (d) all amounts owing to me at the time of my death by a corporation referred to in paragraph (b) or (c) of this sub-clause 1.1.

If, after the date of this my Will, DFHI changes its name or corporate structure or transfers its assets to one or more corporations of the type described in paragraph (c) of this sub-clause 1.1, all references in this my Will or any Codicil hereto to DFHI shall extend to and include a reference to the new name of that corporation or to the restructured corporation or such transferee corporation or corporations as the case may be."

10. The estate trustees of the Secondary Estate of Doug Sr. were authorized by his Secondary Will to reorganize the capital of Deco Toronto so as to change the existing common share capital into a class of preferential or special share capital having a redemption and/or retraction price equal to the fair market value of the common share capital at the time of such change and to issue two new common shares to each of Doug Ford and Randy Ford, and one new common share to Rob Ford. Such reorganization occurred, but with each of Doug Ford and Randy Ford receiving 400 common shares, and Rob Ford receiving 200 common shares.

11. Doug Ford and Randy Ford, as estate trustees of the Secondary Estate, were directed by the Secondary Will to hold the residue of the Secondary Estate remaining after the payment of debts, in trust for Ruth Diane Ford during her lifetime. The life interest of Ruth Diane Ford in the assets of the Secondary Estate were to be managed and utilized by Doug Ford and Randy Ford, as estate trustees, solely "for the comfortable maintenance and benefit of" Ruth Diane Ford during her life.

12. The Secondary Will of Doug Sr. further provides as follows:

"On the date of death of the survivor of my wife and me (the "Division Date"), I DIRECT MY Trustees to divide the residue of my estate as it shall exist on the Division Date into three (3) equal shares to pay or transfer one (1) such equal share to each of my sons, RANDAL DOUGLAS FORD, DOUGLAS ROBERT FORD and ROBERT BRUCE FORD, if he is alive on the Division Date for his own use absolutely. PROVIDED, however, that if any one of my sons RANDAL DOUGLAS FORD, DOUGLAS ROBERT FORD and ROBERT BRUCE FORD is not alive on the Division Date, but leaves issue who are then alive, my Trustees shall set aside the share to which he would have been titled if he were alive on the Division Date and shall divide the said share in equal parts *per stirpes* among his issue who are then alive, and the resulting parts shall be dealt with in accordance with the provisions of sub-clause 8.4 below."

13. Doug Ford and Randy Ford, as estate trustees of the Primary Estate of Doug Sr., were to hold the residue of the Primary Estate in trust for Ruth Diane Ford during her life on the same terms. Upon the death of Ruth Diane Ford, the residue of the Primary Estate was also to be

divided into three (3) equal shares and paid to Doug Ford, Randy Ford and Rob Ford. In the event one of them predeceased their mother, then their issue would receive their share of the residue in the Primary Estate as beneficiaries of a trust.

14. Rob Ford died on March 22, 2016. The Rob Ford Estate is governed by the two last Wills of Rob Ford, being a Primary Will and a Secondary Will, both made on or about October 2, 2014. Rob Ford's Primary Will was made in respect of all assets and property owned at the time of his death, excluding certain classes of property described in the Secondary Will:

- "(a) all articles of personal, domestic, household and garden use or ornament (including consumable stores and all art), other than any automobiles, boats and other vehicles or accessories thereto that I may own at the time of my death;
- (b) any shares or other securities that I may own at the time of my death of any corporation, incorporated under the laws of Canada, a province thereof or any other jurisdiction or which is treated as such under such laws and which does not offer its securities to the public;
- (c) all amounts held in trust for me and all amounts owing to me at the time of my death by a corporation referred to in sub-clause 2.1(b) hereof; and
- (d) all assets and property, wherever situate, the beneficial but not legal ownership of which is held by me."

15. Doug Ford is the estate trustee of both Rob Ford's Primary Estate and his Secondary Estate.

16. Doug Ford, as estate trustee of Rob Ford's Primary Estate and Secondary Estate, was directed to divide the residue of his estate into three (3) equal shares payable to Renata Ford, and held in trust for Douglas Ford and Stephanie Ford. The common share interest in Deco Toronto owned by Rob Ford at the time of his death formed part of his Secondary Estate.

17. Doug Ford approached Renata Ford after Rob Ford's death. He suggested to her that it would be in her best interest to settle his estate matters between them, and without the

involvement of any lawyers. When Renata Ford questioned the wisdom of that suggestion, Doug Ford stated to her:

"Let's get rid of the lawyers and settle this on our own. They will only steal your money. You're going to lose everything in your savings."

18. Renata Ford did not follow Doug Ford's suggestion. Shortly after their exchange, however, Doug Ford again approached her, and suggested that she sell to him Rob Ford's 200 common shares of Deco Toronto. Doug Ford advised Renata Ford that owning the shares would just be stressful for her. Renata Ford declined that proposal.

19. The distribution of property in Rob Ford's Primary Estate and Secondary Estate contemplated by his Primary Will and Secondary Will has not been effected by the defendant Doug Ford, who continues to retain control over the assets of Rob's Estate. The accounts of the estate have not been passed by Doug Ford, and the plaintiff Renata Ford has not been provided with full information and documentation concerning the contents or status of Rob's Estate.

20. In that regard, by agreement made on October 10, 2016, between Renata Ford and Rob's Estate, as represented by Doug Ford as estate trustee, Renata Ford and Doug Ford agreed, *inter alia*, as follows:

"WHEREAS Renata and Robert Ford, hereinafter referred to as "Rob" were spouses of one another;

AND WHEREAS Rob left a Primary Will dated October 10, 2014 ("Primary Will") in which he named Doug as his Estate Trustee;

AND WHEREAS Rob left a Secondary Will dated October 2, 2014 ("Secondary Will") in which he named Doug as his Estate Trustee;

AND WHEREAS Renata is one of the beneficiaries under Rob's Primary Will and Secondary Will;

AND WHEREAS Doug has not yet been able to provide to Renata the complete list of assets of the estate;

AND WHEREAS if Renata is to make an election under Section 5 of the Family Law Act ("FLA") she must do so within the time prescribed;

AND WHEREAS Renata cannot make an informed decision without information on the nature and value of the assets of Rob's estate;

IN CONSIDERATION of the mutual rights and obligations that the parties have to each other, the parties agree as follows:

1. Doug will provide complete information on the assets of Rob's estate and their value as soon as possible and shall take all necessary steps to have third parties provide such information.
2. In the event that Renata does not file the Election under Section 5 of the FLA within the time prescribed, Doug will consent to any application to extend the time for filing.
3. If Renata does file an election, Doug will consent to an application to withdraw the election, if Renata so chooses, once she has received the full information regarding the assets of Rob's estate.
4. Doug will further consent to late issuance and service of the application for equalization, once Renata has been provided with full information about Rob's assets."

21. Renata Ford did not receive complete information from Doug Ford concerning the content and status of Rob's Estate in the period following the agreement referred to in paragraph 20 above.

22. Between February 27, 2017 and March 1, 2017, the defendants Doug Ford and Randy Ford effected a further reorganization of the Deco Companies. In particular, Doug Ford, in his capacity as estate trustee of Rob's Estate, entered into and completed an agreement with Randy Ford to sell 200 common shares of Deco Toronto, which had been owned by Rob Ford prior to his death and thereafter became a part of his Secondary Estate, to Randy Ford for a nominal purchase price of \$1. The Deco Companies were reorganized into a new structure by which Randy Ford became the 100% owner of Deco Toronto, Doug Ford became the 100% owner of Deco Chicago, Doug Sr.'s Estate became the 100% owner of Doug Ford Holdings Inc., subject to Ruth Diane Ford's life interest under Doug Sr.'s Secondary Estate, and Rob's Estate

and its beneficiaries had no continuing interest in Deco Toronto and Deco Chicago, whether by way of common shareholdings or as residual beneficiaries of Doug Sr.'s Estate and Rob's Estate.

NEGLIGENT MISMANAGEMENT OF THE DECO BUSINESSES AND BREACHES OF TRUST BY THE DEFENDANTS

23. The plaintiffs eventually obtained some information about the contents and status of Rob's Estate, and the transfer of Rob Ford's common shares in Deco Toronto by Doug Ford to Randy Ford. The plaintiffs were provided with a third party valuation of the common shares of Deco Adhesive Products (1985) Limited, which opined that Rob Ford's common shareholdings in that corporation had a fair market value of zero at the time of their transfer. Subsequently, some further disclosures were made by the defendants to the plaintiffs in connection with the financial status and the business and affairs of the Deco Companies, and these were alarming.

24. When Doug Sr. was alive, and in operational control of the Deco Companies, they were extremely successful, generating profits, and permitting him to amass a significant investment portfolio. The market value of Deco Toronto at the time of his death was in excess of \$10 million, and the investment portfolio amassed during his life had a market value at the time of his death of between \$15 million and \$20 million.

25. After the death of Doug Sr., the responsibility for the management and direction of the Deco Companies was assumed by Doug Ford and Randy Ford. During the period of time when the defendants were officers and directors of the Deco Companies and in complete control of their operations, businesses and affairs, they have so negligently and improperly mismanaged them as to destroy their value. In particular:

- (a) The financial statements of Deco Toronto record that it experienced losses:
 - (i) in fiscal year 2010 of \$396,376;
 - (ii) in fiscal year 2011 of \$1,117,485;
 - (iii) in fiscal year 2012 of \$423,961;
 - (iv) in fiscal year 2013 of \$497,996;
 - (v) in fiscal year 2016 of \$2,164,577; and
 - (vi) in fiscal year 2017 of \$1,498,598;

- (b) The financial statements of Deco Chicago record that it experienced losses in fiscal year 2016 of \$595,257;

- (c) After the death of Doug Sr., Doug Ford and Randy Ford arranged for and received very significant compensation from the Deco Companies. That compensation included extravagant salary, bonus, travel and automobile allowances and other benefits, which was paid regardless of the financial performance of those businesses;

- (d) Doug Ford and Randy Ford did not agree on a business plan for the management of the Deco Companies, and never took reasonable steps to implement one;

- (e) Neither Doug Ford nor Randy Ford have the education and business ability to justify their employment as senior officers of Deco Toronto and Deco Chicago. Nevertheless, they failed to retain competent and independent management to

operate the businesses after their father's death, or to retain appropriate business advisors to assist them.

- (f) Doug Ford committed the Deco Companies to a series of ill-advised acquisitions of businesses and assets in the United States, including in New Jersey, Chicago and Ohio, all of which ended in financial losses for the Deco Companies;
- (g) Doug Ford, in his capacity as a director and senior officer of the Deco Companies believed that Randy Ford was an incompetent manager who was not qualified to be a senior executive. Nevertheless, Doug Ford continued to support his brother in his position as a director and senior officer of the Deco Companies, and moreover left much of the operational responsibilities to Randy Ford during his political career. After deciding to devote himself primarily to politics and other interests, Doug Ford nevertheless maintained his position as an officer and director of the Deco Companies, and arranged to continue to receive very extravagant compensation, notwithstanding that the businesses were losing money;
- (h) Randy Ford and Doug Ford could not agree on strategies, policies and decisions in respect of the business and affairs of the Deco Companies. Their financial statements sometimes remained in unapproved, draft form for successive fiscal periods, because the defendants did not approve them;
- (i) The defendants conducted themselves negligently as officers and directors of Deco Toronto and Deco Chicago, and their lack of attention to the needs of the operating businesses destroyed the value of those corporations as going concerns;

- (j) The defendants grossly overcompensated themselves at the expense of the Deco businesses and their shareholders and stakeholders, and gave no thought to whether or not their continued employment and levels of compensation were reasonable or appropriate in the circumstances;
- (k) The defendants improperly arranged for friends and family members to be employed by the Deco Companies, in positions which were unnecessary or for which they were not qualified;
- (l) The defendants negligently failed to operate the businesses of Deco Toronto and Deco Chicago in a manner which maintained costs and expenses at a reasonable level, commensurate with the volume of sales revenue;
- (m) The defendants negligently failed to operate the businesses of Deco Toronto and Deco Chicago in a manner which reasonably could be expected to generate sufficient revenue to continue as going concerns;
- (n) The defendants negligently mistreated and unreasonably dismissed employees who proposed improvements on how the businesses of Deco Toronto and Deco Chicago could be operated or returned to profitability;
- (o) The defendants negligently overpaid management compensation and sales commissions;
- (p) The defendants negligently failed to retain and employ qualified and competent sales and marketing personnel;

- (q) The defendants improperly caused the businesses of Deco Toronto and Deco Chicago to pay for personal expenses of Doug Ford and Randy Ford, and of their friends; and
- (r) The defendants negligently caused Deco Toronto and Deco Chicago to invest in machinery and equipment without financial justification or proper research.

26. Doug Ford and Randy Ford misused their positions as estate trustees of Doug Sr.'s Estate in order to maintain the solvency of Deco Toronto and Deco Chicago, and for their own benefit. Without continuing infusions of funds, those businesses risked being unable to meet their financial obligations during most fiscal years from March 1, 2010, up to the present. The defendants improperly, and in breach of trust, arranged for infusions of funds from Doug Sr.'s Estate through, *inter alia*, Doug Ford Holdings Inc., on repeated occasions during that period, in order to support the failed operations of Deco Toronto and Deco Chicago.

27. The defendants knew, or must be taken to have known at all material times, that such infusions of funds from Doug Sr.'s Estate were not viable or prudent investments which could reasonably be expected to earn any profit, and would not remedy the serious problems with the Deco Companies' businesses. While some advances to Deco Toronto and Deco Chicago were described as loans, the defendants knew that they could not be repaid and did not intend to effect their repayment. The purpose of the defendants' arrangement of those advances of funds from the estate to Deco Toronto and Deco Chicago was solely to maintain the untrue public appearance of a successful business enterprise, while continuing their offices and receiving their compensation and benefits for as long as possible.

28. During the period from March 1, 2010, to the present, Doug Ford and Randy Ford conspired together, arranged for and effected the transfer of millions of dollars from Doug Sr.'s Estate to Deco Toronto, Deco Chicago, themselves and others they wished to benefit. Full particulars are known to the defendants.

29. The investment portfolio of Doug Ford Holdings Inc., which comprised a large part of Doug Sr.'s Estate, was very significantly reduced in value by the misconduct of Doug Ford and Randy Ford, who arranged for the ongoing liquidation of investments in order to provide the funding they needed to maintain Deco Toronto and Deco Chicago in operation and to obtain their own benefits therefrom.

30. The investment portfolio had a value of between \$15 million and \$20 million in 2007, but by August of 2014, its value had been reduced by the defendants' misconduct to approximately \$6.4 million. Given the operating losses of the Deco Companies between March 1, 2015 and March 1, 2017, the value of the investment portfolio may have been reduced by a further \$3 million to \$4 million. In that regard, full particulars are in the possession of the defendants.

31. As estate trustees of Doug Sr.'s Estate, the defendants were duty bound to hold the residue of Doug Sr.'s Estate in trust for the life interest of Ruth Diane Ford, and to exercise all of their powers as trustees for the purpose of her comfortable maintenance and benefit during her life. The residue was not to be divested for the defendants' personal benefit, which it nevertheless was. The defendants' misconduct in liquidating estate assets and providing funds to Deco Toronto and Deco Chicago was a deliberate breach of that trust, and contrary to the Wills of Douglas Bruce Ford.

32. The plaintiffs Stephanie Ford and Douglas Ford are the issue of the late Rob Ford, and are beneficiaries of the Secondary Estate of Doug Sr.'s Estate, with the shared entitlement to one-third of the residue of that estate after the life interest of Ruth Diane Ford ends.

33. The defendants' breaches of trust have unlawfully diminished the value of those plaintiffs' beneficial interest in Doug Sr.'s Estate by an amount as yet unascertained, but estimated to be in excess of \$5 million.

34. The defendant Doug Ford has also breached his trustee's duties and obligations owed to the plaintiffs as beneficiaries of Rob's Estate. In particular, as estate trustee, Doug Ford has:

- (a) failed to administer and improperly administered Rob's Estate;
- (b) failed to take reasonable steps to distribute or account for Rob's Estate;
- (c) improperly sold 200 common shares of Deco Toronto to Randy Ford for nominal consideration;
- (d) improperly arranged with Randy Ford to reorganize Deco Toronto and Deco Chicago in order to deprive the plaintiffs of any common shareholdings, and to any prospect of future financial benefit if the businesses ever regained profitability;
- (e) improperly retained and withheld assets, funds and information from distribution to the plaintiffs, in an attempt to keep his misconduct secret;
- (f) improperly retained and withheld from the plaintiffs the proceeds of Rob Ford's life insurance policy in the amount of \$220,000;

- (g) improperly retained and withheld from the plaintiffs the residual proceeds of Rob's Estate, including bank account deposits, GICs, RRSPs, and TFSAs;
- (h) improperly charged unreasonable and unjustified expenses and fees against the Estate of Rob Ford;
- (i) knowingly and deliberately put the plaintiffs in a highly stressful and unfair financial position during their period of grief after Rob Ford's death, and continued to do so for more than two years after Rob Ford's death; and
- (j) acted in bad faith in connection with all of the above.

35. The plaintiffs plead and rely upon, *inter alia*, the *Estates Act*, R.S.O. 1990, c. E. 21, the *Trustee Act*, R.S.O. 1990, c. E.21, and the *Variation of Trusts Act*, R.S.O. 1990.

THE DEFENDANTS' OPPRESSIVE CONDUCT AND BREACHES OF DIRECTORS' AND OFFICERS' DUTIES

36. The plaintiffs are proper complainants under s. 238 and Part XX of the *Canada Business Corporations Act* (the "CBCA"), and are entitled to orders under s. 241 of the Act against the defendants. The defendants' misconduct described above amounts to the unlawful misuse of their powers as directors of Deco Toronto, Deco Chicago and Doug Ford Holdings Inc., and their misconduct of the affairs of those corporations, that is oppressive, unfairly prejudicial to, and which unfairly disregards the interests of the plaintiffs.

37. The defendants have also breached their obligations owed to the plaintiffs as directors and officers of those corporations, under common law and under s. 122(1)(b) of the CBCA. They have not exercised the care, diligence and skill that a reasonably prudent person would

exercise in comparable circumstances. Indeed, as pleaded above, they have both deliberately and negligently failed to do so on many occasions for many years.

38. The defendants were at all material times in multiple conflicts of interest and duty, and acted consistently and only to prefer their personal interests over those of estate beneficiaries, shareholders and stakeholders, including the plaintiffs.

39. The defendants owed a duty of care to the plaintiffs. They breached that duty by failing to exercise the care, diligence and skill required of them as directors and officers of Deco Toronto, Deco Chicago and Doug Ford Holdings Inc. The total operational failure of the Deco Companies' businesses under their mismanagement and negligent direction, and the unlawful liquidation of Doug Sr.'s Estate, justifies a finding of their liability in damages to the plaintiffs. Those damages are presently estimated to be in excess of \$10,000,000, with full particulars to be provided at trial.

AN AWARD OF PUNITIVE DAMAGES AGAINST THE DEFENDANTS IS APPROPRIATE

40. The plaintiffs state that the deliberate, repeated and ongoing misconduct of the defendants is sufficient to justify the award of punitive damages against them. The defendants' misconduct was calculated, in breach of their trustees' duties, concealed by them, and arose in the context of multiple conflicts of interest which they willingly embraced to benefit themselves. In effect, the defendants mismanaged the Deco Companies to the point of insolvency, and then plundered Doug Sr.'s Estate to maintain the illusion that they were successful businessmen and to retain their offices and compensation.

The plaintiffs propose that this matter be tried at Toronto, Ontario.

Date: June 1, 2018

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