

**HARRY STINSON, BUFFALO GRAND HOTEL INC., STINSON HOSPITALITY
MANAGEMENT INC., STINSON HOSPITALITY CORP., RESTORATION FUNDING
CORPORATION, BUFFALO CENTRAL LLC, and STEPHEN KELLEY**

Applicants

- and -

ONTARIO SECURITIES COMMISSION

Respondent

**APPLICATION OF THE RESPONDENTS, HARRY STINSON and BUFFALO
GRAND HOTEL INC.**

**(For a hearing on an expedited and urgent manner under Section 144.1 of the
Securities Act, R.S.O. 1990, c. S.5)**

For Variation of the Decision of the Capital Markets Tribunal bearing file number 2022-3, dated December 15, 2023, Under Section 144.1 of the Securities Act, R.S.O. 1990, c S.5

A. ORDER SOUGHT

The Applicants, Harry Stinson and Buffalo Grand Hotel Inc., request that the Capital Markets Tribunal make the following orders:

1. An Order varying paragraphs 91.a.v. and 91.c. of the Capital Markets Tribunal Decision, which are compromised in paragraphs 1.e and 3 of the Order bearing file number 2022-3 dated December 15, 2023 (the “Order”), such that the same are rescinded as against Harry Stinson and Buffalo Grand Hotel Inc. on the basis that any payment that is due pursuant the Order be deferred such that, upon the sale, transfer or other disposition, or re-financing, of the property at 120 Church Street, Buffalo, New York, U.S.A. or to the extent that there is any net operating revenue available for distribution, these funds shall be applied as follows:

- A. To the payment of property taxes, liens, other governmental obligations, and repayment of the first mortgage.
- B. Then, firstly, to the repayment of the Invested Amounts owing to the investors (the

“Investors”) other than Harry Stinson ("Stinson") or any person or entity not dealing at arms' length with Stinson, as will be secured by the Second Mortgage and in accordance with their respective Proportionate Interests;

- C. Thereafter, secondly, for repayment of the administrative penalty amount (\$600,000), costs ordered (\$166,000) and collections costs incurred by the Ontario Securities Commission (the "OSC") to make the OSC whole (net of any amount paid in connection with the s.144.1 application, and as evidenced by an agreement between Stinson and the OSC, but without any financial order prohibited by the Lender);
 - D. Thirdly, for repayment of the Invested Amount owing to Stinson or any person or any entity not dealing at arms' length with Stinson; and
 - E. Fourthly, for payment (i) 40% to Stinson, and (ii) 60% to the Investors, including Stinson and any person or entity not dealing at arms' length with Stinson, in accordance with their respective Proportionate Interests as a return on their investment.
2. An order abridging the time for service of this Application due to the urgency of the matter to ensure that the financing proceeds and thus allows the proposed payment schedule in paragraph 1 above to be carried out.
 3. An Order that this the following information and particulars remain confidential;
 - i) details of the mortgage, including the course, rates, and terms;
 - ii) details of the brand franchise agreement; and
 - iii) identity and personal information of all investors including amounts invested by each investor.
 4. For such further and other Orders as the Tribunal may deem appropriate.

B. GROUNDS

The grounds for the request are:

1. As noted in the Capital Markets Tribunal reasons dated Dec. 15, 2023 (the “Order”), investors (the “Investors”) invested approximately \$14 million in the Buffalo Grand Hotel located at 120 Church Street, Buffalo, New York, U.S.A. (“BGH”).
2. The presence of the Order and the writs that have be registered as a result of the Order are preventing the restoration and development of BGH .
3. The Respondents, Stinson and Buffalo Grand Hotel Inc., are unable to proceed with the necessary financing to restore BGH until the Order is varied.
4. The restoration and development of the BGH is necessary to provide the investors with the possibility of full recovery and being made whole.
5. Stinson has entered into a trust agreement with all Investors that have responded to him that governs the distribution of the proceeds consistently with the terms set out in paragraph 1.A. of the relief sought above. The said trust agreement also operates as an undertaking that Stinson and Buffalo Grand Hotel Inc. will also act for the benefit of those Investors that are not signatories to the said trust agreement.
6. Further to the establishment of a trust agreement, Investors will be granted a secured interest in the BGH.
7. Should there be net proceeds from a future sale of the BGH, after the secured creditors are paid, including the Investors, the OSC will be paid \$600,000.00, being the equivalent of the administrative penalty amount set out in the Order, and \$166,000.00, being equivalent to the costs ordered in the Decision, plus other costs of the OSC.
8. Only after such payments, will the Applicants benefit from any surplus funds.

9. There is urgency to this matter as the lender needs to close on this matter as soon as possible in order to keep their commitment. Concurrently, the City of Buffalo is monitoring the progress very carefully with a view to taking control of the BGH if restoration and development is not commenced very soon.

10. The purpose of this variation is to allow the Respondents to address the concerns raised in paragraphs 62 to 76 of the Order and to allow and enable BGH to proceed with new financing. Refinancing is essential to repairing, re-opening and reactivating the building and the hotel business, and thereby facilitate repayment to the Investors through a refinancing or sale. The lender has explicitly confirmed that lifting the writs registered as a result of the OSC Order is a pre-condition of advancing financing. Concurrently BGH has largely satisfied the other loan conditions, including an appraisal, securing a hotel brand, engaging a professional hotel management group, engaging a specialized hotel construction manager, preparing detailed budgets, engaging consultants and meeting with trades. However, until the Order is varied and removed as requested, no funds will be advanced.

11. Based upon the current appraisal of the property, the “as is” value of BGH is \$3,000,000.00 and, at this value, there would be little, if any recovery to Investors after the payment of existing liens, taxes, arrears and sales costs. A strong majority of the Investors are aware of this and have confirmed their support for repairing and re-opening BGH.

12. There are two groups of Investors at this point, those that have supported the request to vary the Order so as to allow the BGH to re-open, and those that have simply not replied. There are no Investors that have indicated opposition to this plan. There are, however, Investors that have simply abstained from responding and commenting.

13. This matter must remain as confidential as is possible. Keeping confidential the

details of the mortgage, including the course, rates, and terms, the details of the brand franchise agreement, and the identity and personal information of all investors including amounts invested by each investor will ensure that the financing that is being sought goes through and protect the identity of the investors. The main purpose of the request to vary the Order is to allow the repairing, re-opening and reactivating BGH so that the Investors have the opportunity to have their investments returned. Given the high profile nature of this matter and the desire on the part of the media to sensationalize it, confidentiality at a minimum, should be accomplished by way of the redaction of financial and personal information from the record pursuant to subrule 8(4) of the Capital Markets Tribunal Rules of Procedure, and by having a portion of the hearing held in a non-public forum pursuant to subrule 8(2) of the Capital Markets Tribunal Rules of Procedure. These accommodations are critical so as to not interfere with the Buffalo Grand Hotel process, which in the end is for the benefit of the Investors.

14. Such other grounds as counsel may advise.

C. EVIDENCE

The Applicants intend to rely on the following evidence at the hearing:

1. The affidavit of Harry Stinson, to be sworn, with all exhibits attached thereto.
2. Such other evidence as counsel may advise and the Tribunal permit.

DATED this 20 day of August 2025

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