CITATION: Matas Management Services Inc. v. Voreon Inc., 2025 ONSC 3682
COURT FILE NO.: CV-25-734413-00CL
DATE: 20250620

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:	
MATAS MANAGEMENT SERVICES INC., MATAS-HUETON HOLDINGS INC., JEAN-PIERRE MATAS also known as JOHN MATAS and GORDON MATAS Applicants	*Ronald Allen*, for the Applicants
– and –	
VOREON INC., STAMOS KATOTAKIS, 2256900 ONTARIO LTD., SHARIEF ZAMAN, KAYZAN INC., EMINENCE LIVING INC. and HIGHER LIVING DEVELOPMENT INC. Respondents	*Megan Keenberg & Rhea Matthew*, for the Respondents Voreon Inc and Stamos Katotakis *Rory McGovern*, for the Respondents 2256900 Ontario Ltd. and Sharief Zaman
	HEARD: February 28 and April 16, 2025

JUSTICE JANA STEELE

REASONS FOR DECISION

[1] The applicants seek to require Voreon Inc. to comply with a Settlement Agreement, dated January 28, 2016 (the "Settlement Agreement"). The applicants want Voreon to transfer certain shares to them further to the Settlement Agreement. There are complex facts and history in this matter, which arose from a breakdown in the relationship among business partners. There are also multiple ongoing proceedings involving these parties.

[2] Two of the prior business ventures of the parties, Eminence Living Inc. ("ELI") and Higher Living Inc. ("HLI"), have each disposed of the single property asset they held, and a portion of the

proceeds have been distributed. At a high level, the parties are fighting over the remaining funds held in trust: approximately $2 million from the sale of HLI's property and approximately $1.3 million from the sale of ELI's property.

[3] The parties had reached a Settlement Agreement in 2016 further to which, among other things, ZamanCo and MatasCo were to remove certain mortgages that had been wrongly placed on the real properties held by ELI and HLI. Further, an initial payment from the sale proceeds from the sale of the ELI property and the HLI property was to be made to Voreon, which payment has been made. Ultimately, the Settlement Agreement contemplates that upon receipt of the initial payment from the sale proceeds, Voreon shall transfer its shares of ELI and HLI to ZamanCo and MatasCo for $1.

[4] This court previously determined that the Settlement Agreement is valid. That decision was upheld by the Court of Appeal.

[5] However, there is another outstanding proceeding, known as the PSA Action, the implications of which may impact the ELI/HLI share transfer contemplated under the Settlement Agreement. Because of this, I have determined that the relief sought on this application shall be considered by the Court contemporaneously with or immediately following the PSA Action (defined below). The same judge shall hear this matter.

Background

[6] The respondent, Voreon Inc. ("Voreon"), is owned by the respondent, Stamos Katotakis ("Katotakis").

[7] The applicant, Matas Management Services Inc. ("MatasCo") is owned by John Matas and Gordon Matas (John and Gordon, collectively, "Matas") (MatasCo and Matas, collectively, the "Matas Parties").

[8] The respondent, 2256900 Ontario Ltd. ("ZamanCo"), is owned by the respondent, Sharief Zaman ("Zaman").

[9] Voreon and ZamanCo own the respondent Kayzan Inc. ("Kayzan"), with Voreon holding 2/3 of Kayzan and ZamanCo holding 1/3.

[10] Kayzan and MatasCo own a number of companies that own properties, including:

i. Eminence Living Inc. ("ELI"), which is owned 75% by Kayzan and 25% by MatasCo; and

ii. Higher Living Development Inc. ("HLI"), which is owned 75% by Kayzan and 25% by MatasCo.

[11] ELI and HLI were special purpose vehicles incorporated for the purpose of developing the property they owned. ELI owned a property located at 45 Agnes Street, Mississauga (the "Agnes Property") and HLI owned a property located at 86-90 Dundas St. West, Mississauga (the "Dundas Property").

[12] Voreon directly contributed $2.1 million to ELI. Voreon also loaned $1 million to each of Matas and Zaman for their capital contributions to ELI. In exchange, Matas and Zaman each executed promissory notes in favour of Voreon. The $4.1 million of cash contributed to ELI was used to purchase the Agnes Property outright for cash.

[13] Voreon directly contributed $1.9 million to HLI. Voreon also loaned $990,000 to each of Matas and Zaman for their capital contributions to HLI. In exchange, Matas and Zaman each executed promissory notes in favour of Voreon. The $3.96 million of cash contributed to HLI was used to purchase the Dundas Property outright for cash.

[14] In addition to the ELI and HLI capital costs, Voreon funded zoning costs for each of the properties.

[15] In or around 2015, Katotakis and Voreon discovered that Matas and Zaman had placed mortgages on the ELI and HLI properties without Voreon's approval. A $2 million mortgage was placed on the Agnes Property in favour of a third party. A further $1.6 million cross collateralization mortgage was placed on the Agnes Property in support of a different $4.3 million mortgage on another property owned by MatasCo and ZamanCo (not Voreon).

[16] A cross collateral mortgage of $400,000 was placed on the Dundas Property in support of a $5.2 million mortgage on another property that was majority owned by MatasCo.

[17] Once Katotakis learned of these mortgages on the investments, the relationship among the parties broke down.

[18] In 2016, the parties reached the Settlement Agreement to remedy the mortgage issue and disentangle Voreon and Kayzan from the Matas Parties.

[19] The Settlement Agreement includes the following:

a. ZamanCo and MatasCo agreed that the mortgages that were placed on the Agnes Property and the Dundas Property would be paid off or assumed by a subsequent purchaser, at no cost to Voreon or Kayzan;

b. An initial payment from any proceeds from the sale of the Dundas Property/Agnes Property was to be paid to Voreon;

c. Additional funds needed for zoning would be supplied by Voreon (50%), MatasCo (25%), and ZamanCo (25%). MatasCo and ZamanCo agreed that Voreon would contribute their share of such funds and set out the repayment terms; and

d. Upon receipt of the initial payment from any proceeds of sale of the Dundas Property/Agnes Property by Voreon, it shall cancel the promissory notes and offer its interest in ELI/HLI to ZamanCo and MatasCo for $1.

[20] In February 2019, HLI sold the Dundas Property for net proceeds of $10,300,000. Subsequently, approximately $7.47 million of the proceeds were paid to Voreon. Approximately $2 million of the net proceeds of sale of the Dundas Property remain in trust.

[21] On or about January 14, 2020, the application in *Kayzan & Voreon v. MatasCo et al.*, CV-20-637749-CL was issued (the "Kayzan Distribution Application"). In this application, Voreon and Kayzan seek, among other things, a distribution of funds held in trust in accordance with the HLI Shareholders Agreement.

[22] In 2020, Voreon and ZamanCo (the shareholders of Kayzan) entered into a partial settlement agreement (the "PSA")[1]. Under the PSA, ZamanCo purportedly agreed to transfer its indirect beneficial voting and distribution interest in ELI and HLI to Voreon (the "Intra-Kayzan Beneficial Interest Transfer").

[23] The Intra-Kayzan Beneficial Interest Transfer is the subject of an action commenced May 5, 2022 that is to be adjudicated at a trial (*Zaman v. Katotakis et al.*, CV-23-00692442-00CL) (the "PSA Action")[2]. In the PSA Action, Zaman seeks to have the PSA declared void.

[24] There is another application that was commenced on March 14, 2022 (*ZamanCo v. 2399 et al.*, CV-22-00678335-00CL) that has been directed by the Court to be heard immediately after the PSA Action by the same judge.

[25] The Agnes Property was sold by ELI in 2020 with net proceeds of approximately $9.2 million. Voreon has been paid approximately $7.476 million (plus interest) from the net proceeds. Approximately $1.3 million of the net proceeds of sale of the Agnes Property remain in trust.

[26] Voreon brought an application in respect of its entitlement to the proceeds from the sale of the Dundas Property held by HLI (the "HLI Application").

[27] Voreon brought an application in respect of ELI wherein it sought payment under the promissory notes from Matas (the "ELI Application")

---

[1] Voreon states that Katotakis and Zaman operated under an oral agreement for some time before the PSA was reduced to writing in October 2020.

[2] There was another application commenced by Voreon on March 21, 2022, *Voreon v. Zaman et al*, CV-22-00678680-00CL, to enforce the PSA (the "PSA Application"). It was subsequently determined that Voreon would plead back the relief sought in the PSA Application by way of a Statement of Defence and Counterclaim to Zaman's PSA Action. The PSA Application is to be discontinued.

[28] Koehnen J. heard three related applications in 2021 (the HLI Application, the ELI Application, and another related matter): *Voreon Inc. v. Matas Management Services Inc. et al.*, 2021 ONSC 4281 (the "2021 Decision"), affirmed 2023 ONCA 745. He dismissed all three applications on the basis that the issues raised were addressed in the settlement agreements between the parties. He stated, at para. 2, that it was his view that "the applications are an attempt to avoid the settlement because, as things developed, it became clear to the applicant [Voreon] that it would be better off financially without the settlement than with it."

[29] Among other things, Koehnen J. determined that the Settlement Agreement was binding, at para. 25. At para. 27, Koehnen J. noted:

> [Section (2)(A) of the Settlement Agreement] clearly addresses Promissory Notes on which MatasCo is liable. Those notes are to be discharged and Voreon is to surrender its interest in Higher Living in exchange for Voreon receiving the first $6.5 million from the sale or further development of Higher Living. This is what has now occurred. The Higher Living Project has been sold and Voreon received the first $6.5 million from the sale. That is sufficient to discharge the three promissory notes referred to in the notice of application.

[30] The Matas Parties subsequently started this application on the Civil List (which was subsequently transferred to the Commercial List). They sought to have Koehnen J. hear the matter because they were of the view that the relief turned on an interpretation of his earlier judgment (para. 2 of the Endorsement of Koehnen J., dated July 4, 2024 (the "July 2024 Endorsement")).

[31] At para. 3 of the July 2024 Endorsement, Koehnen J. stated that he was unable to agree with MatasCo's submission that the relief it sought turned on an interpretation of his earlier judgment. Koehnen J. stated:

> The present application essentially says that, given that the settlement agreement has been upheld, certain consequences should flow from that. Whether those consequences flow turns on an interpretation of the settlement agreement, not on the judgment that upheld the existence of the settlement agreement.

[32] In the July 2024 Endorsement, Koehnen J. noted that there were a number of related claims, and he was concerned that he was only being provided with a portion of the picture, at para. 5:

> In the earlier proceeding I expressed concerns on many occasions that I was being asked to determine only a tiny portion of a much bigger complex series of claims. That made me concerned that I was seeing only a small fraction of the picture. I have a similar concern here. [...]

Analysis

Is MatasCo entitled to compel the transfer of the ELI and HLI shares from Voreon under the Settlement Agreement?

[33] MatasCo asks the court to require Voreon to comply with its obligations under the Settlement Agreement by transferring Voreon's ELI and HLI shares for consideration of $1.

[34] MatasCo's position is that the 2021 Decision requires Voreon to effect the transfer of shares in ELI and HLI.

[35] In the alternative, MatasCo submits that the legal result and/or consequences of the decision provide a sufficient foundation for the court to order the requested share transfer. Simply put, because Koehnen J. determined that the Settlement Agreement is valid, and Voreon has received the sums due to it under the Settlement Agreement, MatasCo submits that Voreon should be required to transfer the ELI and HLI shares.

[36] The Court of Appeal, in affirming the 2021 Decision, stated at para. 85 that: "The Settlement Agreement was a complete agreement for Voreon to receive the bargained for amounts and then cease to have further involvement in the development project."

[37] The Court of Appeal further noted, at para. 71:

> The application judge found that the portions of sections 2(A), (B) and (D) of the Settlement Agreement [...] clearly addressed the promissory notes on which MatasCo was liable. He found that, read together, these sections provided that the promissory notes were to be discharged and Voreon was to surrender its interest in Higher Living in exchange for Voreon receiving the first $6.5 million from the sale. The application judge found that this was what had occurred – the Higher Living project was sold and Voreon received the first $6.5 million from the sale. Accordingly, he found that the promissory notes were discharged.

[38] The Court of Appeal determined, at para. 55, that the parties joined issue on the question of the enforceability of the Settlement Agreement in their pleadings.

[39] As noted above in the 2021 Decision, Koehnen J. determined that the Settlement Agreement is valid. However, the parties reappeared before him on or about December 10, 2021. At para. 2 of his endorsement, Koehnen J. indicated that he would not order the transfer of shares in HLI or ELI. He stated:

> I am not inclined to order the transfer of shares in HLI or ELI. This is without prejudice to any appropriate party bringing a motion, application or action seeking such relief on an appropriate record. While it may be that the transfer of shares follows automatically from my ruling that the settlement agreement

> is enforceable, it was not an issue that was clearly to be addressed at the hearing before me.

[40] Koehnen J. did not consider whether the court should order the transfer of the ELI and HLI shares. His decision was focused on whether the Settlement Agreement was valid, which it is.

[41] The prior court decisions on their own do not automatically result in the transfer of the shares.

[42] The Matas Parties' alternate position is that the judicially determined facts of the case provide a sufficient factual foundation for the court to order the transfer of the shares.

[43] Voreon states that the ELI and HLI share transfer contemplated under the Settlement Agreement are only one part of the mutual obligations agreed upon by the parties.

[44] The Settlement Agreement provides, with respect to ELI:

> (1)(B) ZamanCo and MatasCo therefore agree that:
>
> > (a) they shall cause the VC Mortgage and the associated interest and related mortgage expenses to be either paid off or to be assumed by a subsequent purchaser of Eminence, all at no cost to Voreon or Kayzan; and
> >
> > (b) they shall cause the VC Cross and related expenses to be either paid off or to be removed from Eminence, all at no cost to Voreon or Kayzan; and
> >
> > (c) In any event, the first $6,500,000 from the sale or further development of Eminence (that is the first clear $6,500,000 from the residual received after interest payments and repayments to mortgages and/or collateral loans) shall be paid to Voreon, in order to repay the loans to MatasCo and ZamanCo made by Voreon together with the associated interest, together with Voreon's own capital recovery and share of the profit.
> >
> > [...]
>
> (1)(D) Voreon agrees that upon the receipt of the above $6,500,000 from the sale or further development of Eminence, it shall:
>
> > (a) Cancel the obligations of ZamanCo and MatasCo in respect of the loans in the above 1A(b) and 1(A)(c), so that no repayment or interest is due on those loans; and

> (b) offer its interest in Eminence, representing 50% of the issued and outstanding shares of Eminence, to ZamanCo and MatasCo for $1.

[45] The Settlement Agreement contains similar provisions in respect of HLI.

[46] The Matas Parties submit that the language is clear that once Voreon receives the payment amount set out in the Settlement Agreement ($6.5 million in respect of ELI), Voreon is required to cancel the promissory notes and sell its shares for $1. Paragraph (1)(D) (and the similar HLI provision) contains mandatory "shall" language.

[47] Voreon's position is that there were pre-conditions to be satisfied prior to the transfer of the ELI and HLI shares: remove the mortgages that were wrongly added to the parties and pay Voreon a first set payment (different amount for each of ELI and HLI, which amount has been paid to Voreon), then Voreon will cancel the promissory notes and offer its shares to ZamanCo and MatasCo.

[48] The mortgages were never removed. The mortgages were assumed by Voreon. Although it would now not be possible for ZamanCo and MatasCo to remove the mortgages, Voreon's position is that it should be compensated. Voreon states that it removed the mortgages at its cost.

[49] Koehnen J. indicated at para. 48 of the 2021 Decision that the failure to remove the Cameron Stevens mortgage has not caused Voreon any damages.

[50] Voreon states that it has paid twice for the properties held by ELI and HLI: first, by capital contribution and loans for the other two shareholders, and second, when it assumed the mortgages. Voreon states that it has lost millions of dollars as a result of the mortgage scheme and fallout.

[51] This may be an issue requiring *viva voce* evidence at the trial. As discussed below, given the outstanding PSA Action and the potential ramifications, I am of the view that the relief sought on this application cannot be determined at this time.

Can the ELI and HLI share transfer be ordered given that the Kayzan Distribution Application is outstanding?

[52] Voreon submits that it cannot be directed to transfer its ELI and HLI shares until the PSA Action and the Kayzan Distribution Application have been heard.

[53] The Kayzan Distribution Application was started by Voreon and Kayzan in 2020. In this application, they seek, among other things, a distribution of funds held in trust in accordance with the HLI shareholders agreement.

[54] Voreon's position is that the Kayzan Distribution Application has not yet been adjudicated.

[55] MatasCo's position is that all issues on the Kayzan Distribution Application were determined in the 2021 Decision. MatasCo has filed a motion to strike the entirety of the Kayzan

Distribution Application on the basis that it is barred because it is *res judicata*. That motion has not yet been scheduled.

[56] In the 2021 Appeal Decision, the Court of Appeal indicated the following at para. 48 with regard to the Kayzan Distribution Application:

> [...] To the extent the appellant criticizes the application judge for not determining issues such as payment of alleged debts or the impact of a cash call under the shareholders agreement, these are issues in the Kayzan application, which the appellant decided not to advance. If and when that application does advance, the court hearing the application may determine that it is appropriate to consider the extent of overlap and decide whether the principle of *res judicata*, among other doctrines, applies to prevent relitigation. As Voreon's counsel noted, some relief sought in the Kayzan application may now be moot. However, this will be up to the application judge in the Kayzan application to decide. [Emphasis added.]

[57] As noted by the Court of Appeal, some of the relief sought in the Kayzan Distribution Application may well be moot. This will be for the court to determine on a full record when the MatasCo motion is heard.

Can the ELI and HLI share transfer be ordered given that the PSA Action is outstanding?

[58] I am of the view that the ELI and HLI share transfer cannot be ordered given that the PSA Action is outstanding. While MatasCo is not a party to the PSA Action, the "value" of the HLI and ELI shares may be impacted by the PSA Action.

[59] Voreon's position is that any share transfer pursuant to the Settlement Agreement cannot be done until the Intra-Kayzan Beneficial Interest Transfer trial has been heard and determined. Voreon states that its interest in HLI and ELI (and therefore what share interest Voreon could transfer) will not be known until the Intra-Kayzan Beneficial Interest Transfer issue has been determined.

[60] The PSA purportedly provides for the assignment and transfer of ZamanCo's indirect interests in ELI and HLI (held through Kayzan) to Voreon. The transfer was done inside Kayzan. Kayzan remained a shareholder of ELI and HLI, along with MatasCo, and there was no change of control of Kayzan.

[61] The Matas Parties take the position that the PSA Action is between ZamanCo and Voreon and they have nothing to do with that proceeding. The Matas Parties are not privy to the PSA.

[62] However, as noted by Voreon, in the present application the Matas Parties seek the transfer of Voreon's HLI and ELI shares pursuant to the Settlement Agreement.

[63] If the ELI and HLI shares include ZamanCo's beneficial interest, in all likelihood they will have a different value than if ZamanCo's beneficial interest is not included. The Settlement Agreement was entered into before the PSA. Accordingly, Voreon's obligation to transfer the ELI and HLI shares for $1 consideration may not include ZamanCo's beneficial interest (in the event that Voreon is successful at trial in the PSA Action).

[64] Similar to Koehnen J., I am concerned that if the Settlement Agreement is enforced without the other pieces of this intertwined puzzle being considered contemporaneously, there may be other issues that arise. Accordingly, I am of the view that this matter should be heard either contemporaneously with or immediately following (at the discretion of the judge hearing the matters) the PSA Action with *viva voce* evidence.

Disposition and Costs

[65] The relief sought on this application should be heard either contemporaneously with or immediately following (at the discretion of the judge hearing the matters) the PSA Action with *viva voce* evidence.

[66] The Matas Parties shall pay Voreon's partial indemnity costs fixed in the amount of $60,000 (inclusive of all taxes and disbursements).

J. Steele J.

Released: June 20, 2025

CITATION: Matas Management Services Inc. v. Voreon Inc., 2025 ONSC 3682
COURT FILE NO.: CV-25-734413-00CL
DATE: 20250620

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

MATAS MANAGEMENT SERVICES INC., MATAS-HUETON HOLDINGS INC., JEAN-PIERRE MATAS also known as JOHN MATAS and GORDON MATAS

Applicants

– and –

VOREON INC., STAMOS KATOTAKIS, 2256900 ONTARIO LTD., SHARIEF ZAMAN, KAYZAN INC., EMINENCE LIVING INC. and HIGHER LIVING DEVELOPMENT INC.

Respondents

REASONS FOR DECISION

J. Steele J.

Released: June 20, 2025