

**Toronto Star**

## **This condo developer collected millions in deposits — and hasn't built anything**



By [Brendan Kennedy](#) Investigative Reporter  
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On the opening day of sales for the glitzy new condo project in downtown Ajax, the lineup of hopeful buyers spilled out of the sales office onto the sidewalk, wrapped around the building and extended hundreds of metres.

Inside, the office was cramped like a concert venue. Sales agents struggled to find flat surfaces on which to sign contracts, as investors and first-time home buyers clamoured to get in on the ground floor of one of the region's most anticipated new developments.

The frenzy continued for three straight weekends and Central Park Ajax was sold out in less than a month.

Two-and-a-half years later, ground has yet to be broken, the project is mired in litigation and frustrated purchasers are asking for their deposits back.

Central Park Ajax is not officially dead — a court decision expected sometime this fall could save it — but it is on life support. For now it seems destined to become the latest failed venture by the LeMine Investment Group, a company headed by Tong (Thomas) Liu, a developer who dreams big but can't seem to get anything built.

Liu's failure to deliver his ambitious projects has left hundreds of purchasers in the lurch. Meanwhile, the 35-year-old is embroiled in at least 14 lawsuits that allege, among other things, that he misrepresented himself, owes millions to investors and doesn't pay his bills. Earlier this year a judge found that Liu engaged in self-dealing and acted in bad faith.

Liu admits his lack of experience has led to some mistakes, but he says his intentions were always noble.

"It was never the intention to hurt someone, to hurt investors or to hurt individuals who have worked with us before," he said in an interview.

Among the sites of Liu's good intentions is an overgrown, empty lot at 3070 Ellesmere Rd. That's where he says he still intends to build The Academy, a 26-storey condo tower marketed to investors as providing much-needed rental housing to the growing student population at the nearby University of Toronto Scarborough. Presales for the project sold out in 2014, but construction has yet to begin and the project seems irretrievably stalled, although it is not yet canceled. "We're stuck," Liu said.

Leveraging slick marketing in a nearly insatiable real-estate market, Liu convinced investors, municipal officials and eager purchasers to buy into his plans, despite having no track record in development. He used industry accolades and photo-ops with politicians to project credibility, but there was little substance behind his self-promotional sheen. While he tied up valuable land and collected millions of dollars worth of deposits without ever breaking ground, purchasers watched their money lose value. Many are now priced out of the market. Investors, meanwhile, are turning to the courts to recover their losses as land that could have helped ease the region's housing crunch remains unused.

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Liu isn't the only GTA developer to strand purchasers. Twelve condo projects have been canceled in the Toronto area since the beginning of last year, according to market research company Urbanation. [Two massive developments in Vaughan](#) were recently canceled, leaving more than 2,000 buyers in their wake and leading to calls to increase protections for purchasers. With rising construction costs making it harder for developers to secure financing — or reap their desired profits — more cancellations could be on the way. Liu, who struggled to secure financing for his Ajax project and won't say if he ran into a similar problem with The Academy, insists his projects are merely delayed.

The Star reviewed court records, documents obtained by Freedom of Information requests and interviewed more than 20 people with connections to Liu and his companies (former employees, partners and consultants, as well as industry executives who worked with LeMine), many of whom spoke only on the condition of anonymity, saying they feared a lawsuit from Liu.

“His intentions were excellent,” said architect Clifford Korman, whom Liu describes as a mentor. “His experience and follow-through were not.”

“I didn’t trust him at all,” said Allan Duffy, the former mayor of Richmond Hill who said he was courted by Liu as a potential advisor. “I dropped him and told everybody I could to do the same.”

“I’ll be happy to get my money out and move on,” said Ayesha Karatella, one of the Central Park Ajax purchasers.

Ontario’s Progressive Conservative government said it is looking into increasing protections for consumers when developers don’t deliver.

In the meantime, Liu said he’s looking forward to his next project.

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LeMine’s Richmond Hill office could be a metaphor for the company itself — impressive from a distance but mostly empty. Emblazoned with the company logo, it stands two storeys and stretches the length of half a city block, just west of Highway 404 on 16th Ave. LeMine has only a handful of employees, Liu said, but he rents the entire building — he wouldn’t say for how much — because he said he likes to be able to accommodate partners, investors and contractors. On a recent weekday afternoon the office was quiet. The front door was locked and there was no receptionist.

Outside of real estate, LeMine’s other undelivered promises include a billion-dollar trade deal to send Canadian canola to China and a commitment to invest in a private rail project in Ottawa. Neither materialized. Liu said the canola deal fell apart because the Canadian government did not get a required import certificate from China. The director of the Ottawa rail project said he and his staff declined to work with Liu after reviewing his company.

There is nothing tangible to which Liu can point that his company has successfully delivered. Asked to explain LeMine’s greatest achievement he mentioned the company’s investment philosophy and also a “flash mob” organized in Yonge-Dundas Square in 2014 to celebrate the 65th anniversary of Chinese independence. “We have over 50-million views on the Internet for a single event,” Liu said, adding that the video was shared widely on WeChat, a Chinese social media platform.

In a wood-paneled boardroom, Liu, who grew up in China’s Hunan province — “famous for spicy food and pretty girls” — said the purpose of his company is to “create a platform for Chinese capital.”

Liu first came to Canada when he was 18, completing his final year of high school at a private boarding school in Hamilton. He earned an undergraduate degree at the University of Toronto Scarborough before opening a small immigration consultancy. When one of his Chinese clients asked him about development opportunities in Canada he realized there was an opportunity to connect Chinese investors with Canadian real-estate projects. He started LeMine in 2011.

In January 2014, he paid \$1.9 million to buy the land at 3070 Ellesmere Rd., on which he planned to build The Academy. Liu hired Kirkor Architects, Korman’s firm, to design the tower, Devron Developments as project managers and the Milborne Group as sales agents.

Like Central Park Ajax, the project sold out quickly and was heralded for its sleek design. LeMine and its partners won the “People’s Choice Award” in an online vote by the Building Industry and Land Development (BILD) Association. Liu was named the Chinese Business Chamber of Canada’s “Person of the Year in Real Estate Development and International Business.”

Despite the accolades and rapid sales, Liu did not begin construction. He was backed by foreign investors but undercapitalized and he couldn't secure sufficient financing, according to interviews with three people familiar with the project.

That didn't stop him from simultaneously taking on another major project. In September 2014, he signed a deal with another developer to take over a multi-phase condo development on land owned, in part, by the Town of Ajax. That project would eventually become Central Park Ajax, envisioned as the first step in a long-term revitalization of the downtown area.

Rob Chaggares, who worked for LeMine as an accountant in 2015 and 2016, said Liu's "downfall" was taking on too many projects at once. "I thought: What are you doing? Just focus on trying to figure out how to get a shovel in the ground."

Liu saw himself and his company in grandiose terms, Chaggares said. "I remember one time he said, 'Let's not talk millions, let's talk billions.'"

Liu is alleged to have mortgaged The Academy property to finance the Ajax development, according to a statement of claim filed by an investor named Xiangdon Zhao, who said he invested \$2 million in The Academy and has not been paid promised dividends. He accused Liu of making "negligent misrepresentations" and leveraging the undeveloped property to fund other projects. Zhao declined to comment through his lawyer.

Liu, in his statement of defence, denied the allegations made by Zhao, whom he said is not currently entitled to any dividends. Liu also insisted The Academy project is still alive and that Zhao's funds were used exclusively for its development.

Another group of investors in The Academy sued Liu saying he breached their contracts, cannot account for their money and won't return their deposits. A default judgement, issued in May after Liu did not file a statement of defence, awarded the investors \$541,275.

Before these troubles with The Academy emerged, Liu was building his relationship with the Town of Ajax.

In the fall of 2015, he arranged a two-week trip to China for Mayor Steve Parish and three other Ajax officials. There were business meetings, but also sightseeing trips to The Great Wall, Tiananmen Square and other tourist spots. (The town covered the airfare and cost of visas for the mayor and staff, while LeMine covered all other expenses on the trip.)

LeMine's design for the project — a 10-storey building comprised of two, six-storey residential condo towers on top of a four-storey podium — was fully approved by December 2015. As part of the agreement, LeMine was required to begin construction by July 15, 2017.

The Town of Ajax enthusiastically endorsed the project. They publicized it on their website, advertised it on municipal property and even had government officials appear in LeMine's promotional videos.

Purchasers who spoke to the Star said the town's official stamp of approval gave them confidence the project was secure. "The town so openly supporting it the way they did led us to believe that this was pretty much a surefire thing," said Christopher Chong-St. Amant, who is among the purchasers awaiting the outcome of the court case before deciding whether to ask for their deposit back.

Before sales launched, 3,500 people had already registered on LeMine's website, according to Liu.

Carl Hamilton, another Ajax purchaser, remembers the rush to buy when sales opened. “There wasn’t really time to second guess because there were droves of people behind you that were ready to sign.” Chong-St. Amant said the sales centre was “like a madhouse” on the opening weekend.

As with The Academy, Central Park Ajax was a marketing triumph and pre-construction sales of the 410-unit project sold out in a matter of weeks.

Problems arose almost immediately. Just weeks after selling out, Liu met with the mayor and said he wanted an additional five storeys — a 50-per-cent height increase.

“I indicated that this would not have my support,” Parish wrote in an internal email describing the conversation to his staff. Parish wrote that he told Liu adding the extra storeys after selling the presales would be “unfair to existing purchasers,” “contrary to our longstanding agreement” and “could cause political difficulties.” Liu “did not want to hear this,” Parish wrote. “(He) seems to think he can have whatever he wants.”

Korman, the designer on both projects, said he believes Liu once again “undersold the project versus the construction costs. ... He got caught the same way in Ajax as he did on The Academy — without enough finances to carry the project through.” Liu said this is not true.

Liens started to appear on the property from unpaid tradespeople. Town officials grew increasingly concerned. In September 2016, lawyers for the town wrote LeMine a stern letter, saying they were spending too much time responding to “various lien claimants and their lawyers.”

In November, fewer than nine months before the deadline to begin construction, LeMine sought to amend the approved site plan by increasing the project from 10 to 12 storeys and from two to three levels of underground parking. (The town says in court filings they did not consider the material LeMine submitted to be a complete application because it was missing key elements.)

Meanwhile, LeMine’s sales centre was becoming a symbol for the project itself. Rain and wind had badly damaged the facade, while the company’s signage was torn and peeling. The place looked abandoned. If LeMine couldn’t spend “a couple grand” — as one town staffer put it — to clean up the sales centre, how would it build a multi-million-dollar condo?

Ajax’s chief administrative officer, Rob Ford, who has since retired, wrote Liu twice in the first four months of 2017 to request “urgent” meetings. Ford listed a litany of issues: LeMine still hadn’t fixed the sales centre; they were ignoring emails; liens had not been cleared and new ones were being added; and LeMine still hadn’t secured financing to begin construction.

Real estate agents who brokered sales began contacting the Town on behalf of their clients with concerns about the viability of the project. In one email a Royal LePage agent whose name is redacted lists a number of questions for the Town, including: “Does the Town of Ajax regret doing business with LeMine Investment Group as much as my clients and I?”

Some skittish purchasers started asking for their deposits back.

Problems persisted throughout the summer of 2017 and when the July 15 deadline to start construction came and went without any progress, Ajax sent LeMine formal notice that it intended to invoke its right to repurchase the land. This triggered a 90-day grace period. There was nothing stopping Liu from beginning construction at this point, the Town’s lawyers would later argue in court. “LeMine had only to file for its building permit, but it did not do so.”

Even after the grace period elapsed, Ajax gave LeMine a new deadline of Dec. 8 to pay its creditors, bring its mortgages into good standing and secure construction financing. That deadline also came and went.

On Jan. 11, 2018, the town publicly announced its plans to repurchase the land and formally end its partnership with LeMine.

Six days later, a frustrated Liu stormed into Ajax's town hall and demanded to meet with Ford. Liu had been asked to leave the offices three months earlier because he had made staff "uncomfortable," according to internal town emails. On this occasion he was escorted out, the emails said.

Speaking recently, Liu said there was "miscommunication" with town officials, but he wouldn't elaborate. He said he did have concerns about the "economic feasibility" of the Ajax project last year, but it is "ready to go now" if the town was willing to work with him.

In March, Liu sued Ajax for \$300 million for the "unlawful termination of a land development contract." Liu said the town did not have the right to repurchase the property because they had not yet made a decision on his revised site plan application. The town said his application was incomplete. The trial was held this summer and a decision is expected before the end of the year.

"The town is blaming the developer, LeMine is blaming the town; I don't really know where the blame lies," said Karatella, one of the purchasers. "But I don't care whose fault it is, someone should be accountable for the money I could have made on my investment."

In an emailed statement to the Star, Parish, Ajax's longtime mayor, said that when LeMine approached the Town "it presented a solid proposal which detailed a vision for the project, work being done in other jurisdictions, resources and a healthy financial picture."

While Liu, the town and purchasers who haven't yet pulled their deposits await the court's decision, Liu is dealing with a slew of other legal problems.

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Among the lawsuits filed against Liu are former consultants and contractors claiming he owes them money; investors who said he can't account for their funds and won't pay them back; and allegations that Liu misused investors' money.

In one case, decided earlier this year, investor Valbonne-Canada won a judgment against Liu for more than \$2.1 million. The case related to a proposed townhouse development in Thornhill, which was never built or pre-sold to the public. Liu later sold the undeveloped properties, but not before he "pilfered" the project funds for his own benefit, paid his own company \$761,000 in dubious "project management fees" and "drained" the bank account that once held the investors' money, according to Valbonne-Canada's allegations.

In a scathing decision, Justice Thomas J. McEwen ruled against Liu and found him personally liable, saying he acted in bad faith, engaged in self-dealing, and showed "an utter disregard for the legal rights of the Applicants."

The judgment included a "notice of garnishment" against Liu, but Liu said it is not being enforced and he is working on a settlement. Valbonne-Canada's lawyer declined to comment.

In another case in which both Liu and his spouse, Yixuan Wang, are defendants, Toronto Capital Corp. and other creditors are seeking to take possession of Liu's Willowdale home, which was cross-collateralized with the Ajax property, meaning a default on either mortgage would count against the other.

Liu and his wife allegedly defaulted on the Ajax mortgage in April 2017 and owe more than \$2 million, according to court documents.

A default judgment was issued in February, but Liu said he didn't lose his house and the lender was eventually paid. He said he didn't default on the Ajax mortgage. He did not explain why the judgement

said he did. “I consider this as one of the hard lessons we had to learn when dealing with Jewish people ... Jewish lenders.” Asked to explain the comment, Liu said, “On the deals, they’re difficult. ... Chinese (people) tend to believe people are good. Sometimes when we have that perspective we corner ourselves and they take advantage of our willingness.”

Liu declined to explain what happened or who specifically he was speaking about. Frank Mondelli, the principal broker of Toronto Capital Corp., declined to comment.

Another case alleged Liu and his staff told Chinese investor Miaogen Zhou that he could obtain permanent residency in Canada if he invested in The Academy. Zhou alleged he paid Liu \$496,703, which he believed would be held in trust. Despite “repeated requests,” Zhou claimed Liu has “failed to provide a single piece of information ... showing what happened to Zhou’s funds.” Liu has not filed a statement of defence, but he denied offering Zhou permanent residency in exchange for an investment.

Liu declined to discuss the lawsuits in detail but said he has never used investors’ money for other projects without their permission. He suggested litigation is simply the cost of doing business in the development industry. “I believe if you look at any of the big developers in Toronto you would find the same or even much more trouble than what we have now.”

Speaking generally, Liu admitted to making mistakes, attributing it in part to being a first-generation Canadian running a complex business. “Sometimes we learn in a hard way,” he said.

Others said Liu got in over his head. “His reach far exceeded his grasp,” said a former consultant to LeMine with extensive experience in the development industry. “But it wasn’t a minor gap — it was a big gap.”

In an overheated housing market, it’s often the purchaser who is most vulnerable when developers like Liu falter, said James McKellar, professor of real estate and infrastructure at York University’s Schulich School of Business. In the “race to sell out,” McKellar said, Liu probably set his prices too low and didn’t account for realistic construction costs.

But the cost to purchasers isn’t just financial, McKellar added. “If you buy something with the anticipation you’re going to get it in four years, you’re planning your family, etcetera. The interest rate is a very small part of it. It really sets you back.”

For Karatella, 29, the two-bedroom condo unit she purchased in Central Park Ajax was going to be her first home. She hasn’t asked for her deposit back yet, but if the project doesn’t go ahead she isn’t sure what she’s going to do. “To get something comparable to what I purchased is \$100,000 more,” she said. “It’s totally ridiculous that my money is just sitting there and nobody’s accountable for it.”

McKellar said there should be penalties for developers who can’t deliver. “People are paying the price for this exuberant industry,” he said. “This is why governments have to step in.”

NDP housing critic Suze Morrison, who represents the provincial riding of Toronto-Centre, agreed there should be more protections for condo purchasers, but she didn’t think the solution was penalizing developers. Morrison said the NDP is looking into possible reforms to the Tarion Warranty Corporation, but did not provide specific details.

Progressive Conservative MPP Todd Smith, the minister of government and consumer services, said in an emailed statement that his government is looking into the issue “to determine how best to strengthen the protection of consumers.” Smith did not provide specifics, except to say that the government will work with “industry, stakeholders and consumers as we determine next steps.”

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Liu’s court troubles persist.

In June, a numbered company which is Liu's current partner in The Academy — his original partner cut all ties with the project in 2016 — got a court order to temporarily freeze the property after alleging Liu kept trying to borrow against it without the company's consent, according to the judgement. Liu said the property at 3070 Ellesmere was not frozen. He did not explain why there are documents showing otherwise. Property records show there are three mortgages on the property totalling \$13 million. Liu said the actual amount owing on the property is less than that. There is also a \$3.95 million construction lien.

Sitting in his boardroom, Liu agreed his company is in trouble.

"Yes, I am," he said. "(But) you say trouble, I say it's difficult matters that we need to handle. We're in business. Every business has difficulties and we need to manage them."

Some of Liu's former partners said his reputation within the industry is in tatters, but Korman said he would be willing to work with Liu again — as long as he's paid upfront. "I'm not stupid."

Liu said there are still lots of good things happening with his company. New investors are coming in every month, he said, and he's working on launching a new project. He declined to discuss it.

"Maybe later."

Brendan Kennedy is a Toronto-based investigative reporter. He can be reached at [bkennedy@thestar.ca](mailto:bkennedy@thestar.ca) or 416-869-4192. Follow him on Twitter: @BKennedyStar