

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

1261746 ONTARIO INC., WILNOR HOLDINGS LTD., LIGHTHOUSE  
EQUITIES LTD., WILLIAM H. BROWN and ROBERT HART

Applicants

- and -

PETER SABOURIN, SABOURIN AND SUN CANADA INC., SABOURIN AND SUN INC.,  
SABOURIN AND SUN (BVI) INC., SABOURIN AND SUN GROUP OF COMPANIES INC.,  
GROUP NORTH PROPERTIES LTD., WHISPERING PINES GOLF COURSE LIMITED,  
166815 ONTARIO INC., 1684164 ONTARIO LTD., 1692373 ONTARIO LTD., 1692374  
ONTARIO LTD., ALMAGUIN PARKLANDS INC., 1670342 ONTARIO INC., carrying on  
business as PICKERAL LAKE LODGE LIMITED, 1681114 ONTARIO LTD., carrying on  
business as GROUP WEST LTD., 1673227 ONTARIO INC., carrying on business as  
BIRCHWOOD CAMP, 1689542 ONTARIO LTD., carrying on business as PINES COTTAGE  
RESORT, 1695083 ONTARIO LTD., carrying on business as PRIVILEGE RESORTS  
INTERNATIONAL INC., CAMDETON TRADING LTD., VECTOR FINANCIAL SERVICES  
LIMITED, HANNA MINSKY, RISA SHARE, HOWIS SHARE, TAMARA WEISZ, SHERRI  
WEISZ, ROBERT WEISZ, FLORENE SHUBER, CIBC TRUST CORPORATION as  
TRUSTEE for SDRRSP NO. 19499 and CITIZENS BANK OF CANADA

Respondents

**FIRST REPORT TO COURT OF MINTZ & PARTNERS LIMITED, IN ITS CAPACITY  
AS RECEIVER OF**

PETER SABOURIN, SABOURIN AND SUN CANADA INC., SABOURIN AND SUN INC.,  
SABOURIN AND SUN (BVI) INC., SABOURIN AND SUN GROUP OF COMPANIES INC.,  
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INTERNATIONAL INC., and CAMDETON TRADING LTD. (the "Receivership Entities")

## INTRODUCTION

1. Pursuant to an Order of The Honourable Justice Cumming of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated October 5, 2007 (the "Appointment Order"), Mintz & Partners Limited ("MPL") was appointed as Receiver (the "Receiver"), without security, of all the current and future assets, undertakings and properties (the "Property") of the Receivership Entities. The Appointment Order directed the Receiver to file a report with the Court on or before November 8, 2007. A copy of the Appointment Order is attached hereto as Appendix "A".
  
2. Pursuant to the terms of the Appointment Order, the Receiver was empowered and authorized, but not obligated, inter alia:
  - a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  
  - b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  
  - c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
  
  - d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
  
  - e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
  
  - f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
  
  - g) to settle, extend or compromise any indebtedness owing to the Debtor;

- h) to execute, assign, issue and endorse documents or whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- j) Deleted in the Appointment Order;
- k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate other than 1670342 Ontario Inc. carrying on business as Pickeral Lake Lodge;
- l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court in respect of any transaction;
  - i) Deleted in the Appointment Order
  - ii) Deleted in the Appointment Order
- m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have provided however that the Receiver will seek the prior approval of the Court; and
  - s) to take any steps reasonably incidental to the exercise of these powers.
3. The purpose of this report is to:
- a) report on the Receiver's activities from the date of its appointment to October 31, 2007 and to seek approval of the actions of the Receiver as described therein;
  - b) seek an Order authorizing the Receiver to market for sale the various real estate properties and other assets discussed in this report and to accept offers in respect of the properties, assets or any part thereof subject to Court approval;
  - c) seek an Order increasing the first charge on the Property for the Receiver's and its counsels fees and disbursements from \$150,000 to \$300,000; and
  - d) seek approval of the interim accounts of the Receiver.

## **BACKGROUND**

4. The Receivership Entities borrowed funds from financial entities and individual lenders, which were apparently invested in various real estate, cottage and resort properties. Certain Receivership Entities became subject to an Ontario Securities Commission ("OSC") investigation during late 2006. Subsequently, as a result of this investigation, on June 29, 2007, Justice Wilkins granted a Mareva Injunction against certain of the Receivership Entities real property. During July 2007 various mortgagees of the Receivership Entities real property commenced Notice of Sale under Charge/Mortgage of Land proceedings as their mortgages had fallen into default. The Receiver was subsequently appointed by the Appointment Order on October 5, 2007.

## **RECEIVER'S INITIAL ACTIVITIES**

5. Upon its appointment, the Receiver conducted the following initial activities:
- corresponded to and held telephone conversations with the Receivership Entities counsel, Bellmore & Moore, in an attempt to obtain financial records and to meet with Mr. Peter Sabourin to obtain details of all of the assets and to discuss the financial affairs of the Receivership Entities;

- retained Danson, Zucker and Connelly as the Receiver's Counsel (the "Receiver's Counsel");
- instructed the Receiver's Counsel to register the Appointment Order on title to the real properties owned by the Receivership Entities;
- instructed the Receiver's Counsel to commence an immediate application for an Order under the Securities Act to obtain disclosure from the OSC with respect to its investigation into the trading practices of Mr. Peter Sabourin;
- prepared the Notice and Statement of the Receiver under subsections 245(1) and 246(1) of the Bankruptcy and Insolvency Act (the "BIA") and filed same with the Office of the Superintendent of Bankruptcy. A copy of this report is attached as Appendix "B";
- attended at the various real properties owned by the Receivership Entities to determine the current status thereof;
- corresponded with various financial institutions in an attempt to locate bank accounts in the name of the Receivership Entities;
- corresponded to and held discussions with the various mortgagors or their counsel of the real properties owned by the Receivership Entities to obtain copies of their mortgages, loan documentation and other relevant documentation for review by the Receiver's Counsel;
- arranged to obtain current title searches for the various real properties owned by the Receivership Entities;
- corresponded with the Receivership Entities accountants, BDO Dunwoody ("BDO"), in an attempt to obtain current financial statements, tax returns, etc., for the Receivership Entities, and
- conducted real property searches under the Receivership Entities names (through use of GEO Warehouse Search Service) in an attempt to ensure that the Receiver was aware of all real property owned by the Receivership Entities.



## RECEIVER'S REAL ESTATE VISITS

6. Representatives of the Receiver attended at the various real properties on October 11 and 12, 2007 to inspect the current status of the properties. A memorandum summarizing the results of this inspection is attached as Appendix "C". The real properties consist of an executive cottage, a house, a nine-hole golf course, two vacant parcels of land and five cottage resorts. The executive cottage, golf course and four of the cottage resorts had been closed for the winter season and "winterized" as required. The house had been sold during June 2007 and one cottage resort, Pickeral Lake Lodge, was being managed by a potential purchaser under an Agreement of Purchase and Sale, which is discussed later in this report.

## REAL ESTATE LISTINGS OF VARIOUS PROPERTIES

7. During July, 2007, various properties of the Receivership Entities were listed for sale with Century 21, Cottage Country Realty Inc., Huntsville, Ontario ("Century 21"). We contacted the Century 21 representative and obtained copies of the real estate listings, which have now been cancelled due to the Appointment Order.

8. The listed properties and the listed prices are summarized as follows:

Mary Lake Cottage	\$874,900
Whispering Pines Golf Course	\$1,300,000
The Pines Cottage Resort	\$1,199,000
Birchwood Camp	\$575,000
Almaguin Parklands Inc.	\$825,000

9. The Receiver has been contacted by several other real estate brokers operating in the "Muskoka" area seeking listing agreements for the various real properties.

## REAL ESTATE MORTGAGES

10. Attached as Appendix "D" is a summary of each real property indicating the Receivership Entity ownership, title information, previous sale information, real property mortgages and estimates of the real property value with comments on how the value was obtained. In this schedule, the Receiver projects a sale of the real properties at an estimated market value less estimated sales commission and the principal amount of mortgages on title. It indicates that a sale of certain properties would produce surplus funds whereas other properties would result in a deficit to a mortgagee. This projection is prior to payment of mortgagee interest arrears and costs and other potential closing costs including unpaid realty taxes, utilities and other potential liens. The Receiver would need to obtain current appraisals of the real property values, at an

average cost of \$2,500 each, to more accurately project the estimated market value of the real properties.

11. The Receiver and its counsel requested copies of the various real property mortgages and supporting documentation from the mortgagees or their counsel, which are being reviewed by the Receiver and its counsel. The Receiver has requested additional supporting documentation from the mortgagees primarily relating to proof of funds being advanced to the mortgagors. This documentation is required as the Receiver is not in possession of the majority of the Receivership Entities books and records to ascertain that funds were advanced.

12. On the verbal advice of counsel (written legal opinion forthcoming), and upon investigation, it has been determined that all of the mortgages save and except the Vector Financial Services Limited mortgage in the sum of \$600,000 registered against Pickeral Lake Lodge appear valid, subject to proof of advance.

### **PICKERAL LAKE LODGE**

13. This property is owned by 1670342 Ontario Inc. ("1670342"), one of the Receivership Entity companies and is located on the southern shore of Pickeral Lake between the Towns of Sundridge and Burk's Falls. The property is municipally addressed as 2156 Pickeral and Jack Lake Road. The property consists primarily of a main lodge building, various cottages, a 12-suite building and a conference centre. The lodge is generally open eleven (11) months a year for use by cottagers, fishermen and snowmobilers.

14. Subsequent to our appointment, the Receiver was advised that 1670342 had entered into an Agreement of Purchase and Sale (the "Agreement") with Joe Martins-in Trust ("Martins") to sell the property. In addition, we were advised that Martins has been operating the lodge since Spring 2007 pursuant to the Agreement pending closing thereof. As a result of this Agreement, the Receiver has not taken possession of this property.

15. The proposed transaction was discussed with Martins and copies of the Agreement, two amending agreements and various related documentation were received from his counsel. Martins counsel advised that his client was considering instructing him to determine whether it was necessary to bring a motion to compel the Receiver to complete the sale.

16. The Receiver and its counsel met with Martins and his counsel on October 30, 2007 to discuss the proposed transaction and to review various documentation to understand the history of the transaction.

17. Based upon these discussions and a review of the various documentation provided, the Receiver's understanding of the chronology of this transaction is as follows:

- This property was listed for sale with Century 21 during September, 2006 for \$3,490,000.
- On November 4, 2006 Martins submitted a Letter of Intent (“LOI”) to Century 21 to purchase the property for \$3,020,000. The LOI indicated that the lot size was 200+ acres. A copy of the LOI is attached as Appendix “E”.
- On November 20, 2006 Martins entered into the Agreement to purchase the property for \$3,020,000 from 1670342 (the “Vendor”). He advised us that the Vendor indicated that the property was approximately 240 acres although the Agreement reflected approximately 210 acres. The Vendor agreed to complete construction of the conference centre, complete the installation of a water system and complete various other items.
- During November, 2006 Martins paid Century 21 \$50,000 in deposit and during January, 2007, Martins paid Century 21 a further \$50,000 in deposit for a total deposit of \$100,000.
- During February, 2007, Martins retained John Vinklers Surveying Ltd. (“Vinklers”) to attend at the property to conduct an initial inspection in preparation for a formal survey. At this time, Vinklers advised Martins that the property was less than 200 acres.
- Martins discussed the Vinklers acreage assessment with representatives of the Vendor and Century 21. As a result of these discussions, the Vendor agreed by an undated amending agreement (apparently executed on March 1, 2007) to reduce the purchase price from \$3,020,000 to \$2,800,000 which would be further reduced to \$2,675,000 provided the transaction closed prior to October 1, 2007. This amending agreement also provided that Martins could lease the property from March 1, 2007 to September 1, 2008 upon payment of \$28,500 per month to the Vendor of which \$10,000 per month would be credited towards Martins purchase price for the property and \$18,500, plus G.S.T., would be paid to service the monthly mortgage payments. The amending agreement also authorized Century 21 to release the \$100,000 deposit to the Vendor even though the transaction had not closed.
- On March 2, 2007, the Vendor’s counsel instructed Century 21 to release \$92,000 of the \$100,000 deposit to the Vendor and to retain \$8,000 to be applied against its commission on the transaction.
- One week later, on March 8, 2007, the Vendor agreed by a further amending agreement to reduce the purchase price from \$2,800,000 to \$2,550,000 which would

be further reduced to \$2,425,000 provided the transaction closed prior to October 1, 2007. This amending agreement also provided that Martins accept all further abnormalities arising from investigations re: property and deed.

- On March 8, 2007, Martins took over the lodge operations pursuant to a lease agreement. We understand that Martins commenced paying the \$28,500 monthly lease payments. The payment for March, 2007 was apparently prorated, as Martins did not commence the operations until March 8, 2007. Martins and his counsel advised us that all monthly lease payments were made from March 2007 to September 2007 although they indicated that some payments were made to 1720460 Ontario Ltd., which is not the Vendor in the transaction. They also indicated that the \$10,000 purchase price portion of one payment was offset on account of deposits previously received by the Vendor for functions scheduled after March 8, 2007, which deposits would have to be honoured by Martins.
- Martins advised us that after he took over the lodge operations, he requested the Vendor to complete construction of the conference centre, water system, etc., pursuant to the Agreement. He further indicated that the Vendor advised him it was not in a position to do so and it would give Martins a further \$80,000 purchase price reduction, if he completed the repairs. Martins advised us that he accepted this offer and completed the repairs.
- Vinklers attended at the property on four occasions during March, April and May, 2007 to conduct the formal survey of the property. Vinklers formally certified the survey on August 31, 2007, verifying that the property was 156.6 acres.
- On August 17, 2007, Martins real estate counsel advised the Vendor's counsel that Martins was prepared to close the transaction on September 18, 2007.
- On August 22, 2007, the Vendor's counsel advised Martins real estate counsel that it was not in a position to close the transaction due to the Applicants Lis Pendens registered on title.

18. Martins provided the Receiver with an appraisal of the property obtained for his financing purposes from Morland Appraisals Ltd. during August 2007, indicating a value of \$3,200,000. The appraisal indicated that the property was 146.96 acres according to the Assessment Office. Martins advised us that, pending closing of the transaction, he has made substantial improvements to the property, which increased the appraised value.

19. Martins provided the Receiver with an insurance policy he obtained from The Standard Resort Insurance Program listing the insureds as Pickeral Lake Lodge, Group North Properties

Ltd. and Muskoka North Properties Ltd. per lease agreement. The policy period is June 20, 2007 to March 27, 2008 and provides for building and contents coverage of \$2,700,900.

20. Martins counsel advised us that a formal statement of adjustments was never prepared, however, they are prepared to close the transaction immediately on the following basis:

Reduced Purchase Price	\$2,425,000
Less:	
Down payment	(100,000)
Construction work completed by Martins	(80,000)
Monthly \$10,000 purchase price payments	<u>(80,000)</u>
Net Purchase Price	<u>\$2,165,000</u>

21. The Receiver contacted the Vendor's accountants, BDO, and they advised us that the Vendor acquired this property for \$1,675,000 during December, 2005. Subsequently the Vendor spent substantial funds on the property constructing a conference centre, water system, etc. A copy of the Vendor's balance sheet was obtained from BDO as at December 31, 2006, which is attached as Appendix "F". This balance sheet reflects a book value for this property of approximately \$2,870,000 at December 31, 2006.

22. Martins and his counsel were told that the Receiver was not prepared to recommend to the Court that it close this transaction. There appeared to be no rational reason for the Vendor to substantially reduce the purchase price twice in one week other than to close the transaction and obtain funds in the face of a Mareva Injunction. Martins was advised that the Receiver was prepared to recommend the transaction to Court if the purchase price was increased; Martin and his counsel declined this offer.

23. The Receiver is of the view that it requires additional information prior to it concluding on the validity of the various price decreases given to Martins in this transaction. In addition, the Receiver requires confirmation that the monthly \$28,500 lease payments were made to the Vendor. The Receiver may also need to examine various parties under oath to obtain additional information relating to the transaction.

24. The Receiver was also contacted by counsel for the Township of Armour (the "Township") in relation to an Order to Comply (the "Order") it issued against 1670342 on September 20, 2007. According to the Township, a wood chalet building was being constructed by Martins on the real property without a building permit. The Agreement authorized Martins to erect chalets on the property in accordance with applicable government regulations. However, Martins brought a Notice of Application (the "Notice") against the Township in the name of 1670342, without the Receiver's consent, to appeal the Order. The Receiver advised Martins that he had no authority to bring the Notice. Martins advised the Township that his company Muskoka North Properties Limited had a lease with 1670342 to operate the lodge and to develop

the property. The Township intends to proceed to the Court seeking an Order for the removal or demolition of the structure. The Receiver's counsel has consented to the Township proceeding in this regard on the basis that the Receiver is not liable for costs, etc.

## **INSURANCE COVERAGE**

25. As at the date of its appointment, the Receiver was unable to determine whether adequate insurance coverage was in place over the Receivership Entities assets as it was unable to locate their books and records, nor successfully arrange a meeting with Mr. Peter Sabourin to discuss the matter. As such, the Receiver consulted with Firstbrook, Cassie & Anderson Ltd. ("Firstbrook"), MPL's insolvency insurers to request that Firstbrook source the insurance required by the Receiver. The Receiver has placed asset insurance on the various properties with the exception of the house at 157 Yonge Street, Burks Falls which was sold during June 2007 and the Pickeral Lake Lodge discussed above. The Receiver has also placed \$10.0 million liability coverage on the insured properties.

26. The Receiver obtained from Citizens Bank of Canada an appraisal dated September 28, 2007 it obtained from KS Orthner Appraisals on the value of the Mary Lake Cottage. The Receiver had no values for the other properties and determined the value of the buildings on the properties using estimated industry replacement cost values.

27. A summary of the various properties asset insurance placed by the Receiver is as follows:

Mary Lake Cottage	\$375,000
Whispering Pines Golf Course	\$535,000
Timber Trail Resort	\$300,000
The Pines Cottage Resort	\$640,000
Birchwood Camp	\$450,000
Almaguin Parklands Inc.	\$640,000

28. The Receiver also retained AGC Inc., a property management firm, to conduct periodic inspections of the various properties, which is required by the insurers, as the properties are vacant.

## **RECEIVERSHIP ENTITIES BOOKS AND RECORDS**

29. The Receiver has been unable to determine the current whereabouts of Mr. Peter Sabourin. On several occasions, the Receiver corresponded to and held telephone conversations with the Receivership Entities counsel, Bellmore & Moore, in an attempt to meet with Mr. Sabourin to obtain financial records and to discuss the current assets and affairs of the

Receivership Entities. As at the date of this report, it appears that Bellmore & Moore have been unable to contact their client as they have not responded to the Receiver's written correspondence.

30. As previously indicated, the Receiver visited the Receivership Entities real properties to inspect same and to search for financial records. The Receiver was only able to obtain limited financial records at the Whispering Pines Golf Course, which it is in the process of reviewing. The Receiver contacted Mr. Corrigan, the former General Manager of the Receivership Entities and obtained various accounting records, which are attached as Appendix "G". The Receiver is unable to advise on the accuracy or completeness of this information. The Receiver also corresponded with BDO in an attempt to obtain copies of current financial statements for the Receivership Entities.

31. The Receiver has obtained limited financial information from the OSC, which is discussed later in this report.

32. In summary, to date the Receiver has been unable to locate the vast majority of the Receivership Entities current financial records.

## **BANK ACCOUNTS**

33. As previously indicated, the Receiver corresponded with various financial institutions in an attempt to locate bank accounts in the name of the Receivership Entities. To date, the Receiver has only been able to locate several bank accounts containing approximately \$5,000, which it is attempting to obtain from the financial institutions. Based upon this search to date, it appears that there will be minimal funds located in the Receivership Entities bank accounts to fund the costs of the receivership.

## **OSC APPLICATION**

34. During late 2006, the OSC commenced an investigation under Sections 126 and 127 of the Securities Act into the unlicensed trading in securities by Mr. Peter Sabourin, various of the Receivership Entities and various other parties. On December 7, 2006, the OSC issued a cease trading order against various parties and commenced an application to the Court under Section 126(5) of the Securities Act seeking an Order confirming its ruling. The investigation continues and the Receiver was informed that the matter was proceeding to trial during Spring, 2008. As part of its investigation, the OSC obtained some information relating to and seized various business and banking records of various of the Receivership Entities. The Receiver instructed the Receiver's Counsel to apply to the OSC under Section 17 of the Securities Act, to obtain copies of these records. The OSC consented to the application and the Receiver obtained various

information and records, which were delivered to the Receiver's office on October 22, 2007. The Receiver is currently reviewing the records.

### **ONGOING INVESTIGATION**

35. The Receiver requires further investigation to be conducted into the activities of the Receivership Entities, namely:

- Review of disbursements by counsels Peter Carey and Stephen Ponesse acting for the Receivership Entities.
- Interviews and depositions of Peter Sabourin, William Corrigan and Patrick Keaveney.
- Clarifications as to the ownership, title and mortgages registered against 1685773 Ontario Ltd. and 1668816 Ontario Inc. operating as Timber Trail and Group North Properties, 4575 Highway 60, Dwight, Ontario.
- Involvement of Lee Mondrow, a mortgage broker, in the procurement of mortgages on behalf of the mortgagors.
- A review of the Vector Financial Services Limited mortgage registered on title after the May 4, 2007 Mareva Injunction.
- Analysis of the financial affairs of the Receivership Entities including inter-company disbursements, loans and accounts receivable.
- Further investigation into additional related corporations, bank accounts and other assets.
- Investigations into the direction and management by Peter Sabourin and Patrick Keaveney into the operation of the Receivership Entities.

### **RECEIVERS BORROWINGS**

36. As previously indicated, the Receiver has only located certain bank accounts with minimal balances. As a result, the Receiver is not in possession of monies to fund its activities and pay the protective disbursements. As requested by the Court, the Receiver was charged with the responsibility of making an initial quick assessment and investigation, the details of which are contained herein. If the Court determines that the Receiver should continue with the



realization on the Receivership Entities property, then additional time and disbursements will be incurred for activities including obtaining appraisals, protecting the properties through regular inspections, insurance, negotiating listings for sale, entertaining offers, and completion of sale transactions, etc. In addition, the Receiver may be required to conduct examinations under oath of certain individuals, locate further books and records, and other matters, as required by this Honourable Court. It is for these reasons that the Receiver is requesting an increased first charge to \$300,000 on such properties as the Court deems appropriate.

## **RECEIVERS FEES AND EXPENSES**

37. The Receiver requests that the Court approve the interim accounts of the Receiver. Attached as Appendix "H" is a summary of the Receiver's interim accounts for the period October 5 to October 31, 2007 in the amount of \$83,525.27 plus G.S.T. This does not include disbursements to counsel, which are being submitted separately. The Receiver will have additional accounts subsequent to October 31, 2007 relating primarily to finalizing this Report and attendance in Court.

## **RECEIVER'S RECOMMENDATIONS**

38. The Receiver recommends that the Court issue an Order to:

- approve the actions of the Receiver as described herein;
- authorize the Receiver to market the real properties for sale including obtaining real property appraisals and entering into realtor listing agreements for the properties, as required;
- authorize the Receiver to enter into Agreements of Purchase and Sale to dispose of the real properties in the best interest of all creditors without prejudice or conflict, subject to Court approval;
- increase the first charge on the property for the Receiver's and its counsels fees and disbursements from \$150,000 to \$300,000; and
- approve the interim accounts of the Receiver.

## CONCLUSION

39. This report is filed with the court as directed in the Appointment Order and in support of a Motion to Court approving the Receiver's Recommendations.

All of which is respectfully submitted this 5<sup>th</sup> day of November, 2007.

A handwritten signature in cursive script that reads "Mintz & Partners Limited".

**Mintz & Partners Limited, solely in its capacity as Receiver of Sabourin et al  
and not in its personal capacity**

Bryan A. Tannenbaum, FCA, CA•CIRP, FCIRP  
President

Jack Richards, CIRP  
Senior Manager

Paul McGrath, CFE  
Senior Manager

::ODMA\FCD\DOCS\MINTZ\364945\1

## **Appendix “A”**

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE \_\_\_\_\_ ) FRIDAY, THE 5th DAY  
 )  
JUSTICE \_\_\_\_\_ ) OF OCTOBER, 2007

1261746 ONTARIO INC., WILNOR HOLDINGS LTD., LIGHTHOUSE EQUITIES LTD., WILLIAM H. BROWN and ROBERT HART

Applicants

- and -

PETER SABOURIN, SABOURIN AND SUN CANADA INC., SABOURIN AND SUN INC., SABOURIN AND SUN (BVI) INC., SABOURIN AND SUN GROUP OF COMPANIES INC., GROUP NORTH PROPERTIES LTD., WHISPERING PINES GOLF COURSE LIMITED, 166815 ONTARIO INC., 1684164 ONTARIO LTD., 1692373 ONTARIO LTD., 1692374 ONTARIO LTD., ALMAGUIN PARKLANDS INC., 1670342 ONTARIO LTD., carrying on business as PICKERAL LAKE LODGE LIMITED, 1681114 ONTARIO LTD., carrying on business as GROUP WEST LTD., 1673227 ONTARIO INC., carrying on business as BIRCHWOOD CAMP, 1689542 ONTARIO LTD., carrying on business as PINES COTTAGE RESORT, 1695083 ONTARIO LTD., carrying on business as PRIVILEGE RESORTS INTERNATIONAL INC., VECTOR FINANCIAL SERVICES LIMITED, HANNA MINSKY, RISA SHARE, HOWIS SHARE, TAMARA WEISZ SHERRI WEISZ, ROBERT WEISZ, FLORENE SHUBER, CIBC TRUST CORPORATION as TRUSTEE for SDRRSP NO. 19499 and CITIZENS BANK OF CANADA

*pac*

*pac*  
*Camden Trading Ltd.*  
*pac*

Respondents

ORDER

THIS MOTION, made by the Plaintiff for an Order pursuant to Section 101 of the *Courts of Justice Act*, R.S.O 1990 c. C.43, as amended (the "CJA") appointing Mintz & Partners

Limited as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondents (collectively, the "Debtor") was heard this day at 393 University Avenue, Toronto, Ontario. *Doc/L attached as schedule A - JMC*

ON READING the Affidavits of William H. Brown sworn 20 June 2007 and Paul McGrath sworn 1 October 2007 and the Exhibits thereto, Notice of Application, Certificate of Pending Litigation and Consent of Mintz & Partners Limited to act as the Receiver and on hearing the submissions of counsel for the parties.

### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion returnable October 4<sup>th</sup>, 2007, Supplementary Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

### **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, Mintz & Partners is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). *Mintz & Partners*

### **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging

of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

*one*

- (j) ~~to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to~~

settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding; *PAC*

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate; <sup>*PAC*</sup> other than 1670342 Ontario Inc COB as Pickeral Lake Lodge *PAC*

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, <sup>*PAC*</sup> with the approval of this Court in respect of any transaction *PAC*

(i) ~~without the approval of this Court in respect of any transaction not exceeding \$ \_\_\_\_\_, provided that the aggregate consideration for all such transactions does not exceed \$ \_\_\_\_\_; and~~

*PAC* (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply. *PAC*

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; <sup>or</sup> and provided however that the Receiver will seek the prior approval of the Court. *Joe*
- (s) to take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting



records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced <sup>PAC</sup> or ~~continued~~ <sup>- PAC</sup> except with the written consent of the Receiver or with leave of this Court, <sup>PAC</sup> and ~~any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.~~ <sup>- PAC</sup>

**NO EXERCISE OF RIGHTS OR REMEDIES**

<sup>PAC</sup> 9. THIS COURT ORDERS ~~that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for~~ <sup>- PAC</sup> ~~lien.~~

**NO INTERFERENCE WITH THE RECEIVER**

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

**CONTINUATION OF SERVICES**

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each

<sup>PAC</sup> other than legal services  
<sup>- PAC</sup>

case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **EMPLOYEES**

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not

complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

## RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge"). <sup>scc</sup> provided however that there is a limit of \$150,000 as a first charge without further approval of the court - scc

18. THIS COURT ORDERS the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

## FUNDING OF THE RECEIVERSHIP

*CLUC*  
20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$ \_\_\_\_\_ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge. *pac*

*pac*  
21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates. *pac*

#### GENERAL

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. 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 Receiver 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

28. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or,

*pac* The issue of costs in respect of this motion is renewed for consideration at a later date. *pac*

if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine. *PAC*

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

30. THIS COURT ORDERS that Group North Properties Ltd., Whispering Pines Golf Course Limited, 166815 Ontario Inc., 1684164 Ontario Ltd., 1692373 Ontario Ltd., 1692374 Ontario Ltd., Almaguin Parklands Inc., 1670342 Ontario Ltd., carrying on business as Pickeral Lake Lodge Limited, 1681114 Ontario Ltd., carrying on business As Group West Ltd., 1673227 Ontario Inc., carrying on business as Birchwood Camp, 1689542 Ontario Ltd., carrying on business as Pines Cottage Resort, 1695083 Ontario Ltd., carrying on business as Privilege Resorts International Inc., *PAC / Camleton Trading Ltd. - PAC* Vector Financial Services Limited, Hanna Minsky, Risa Share, Howis Share, Tamara Weisz Sherri Weisz, Robert Weisz, Florene Shuber, CIBC Trust Corporation as Trustee for SDRRSP No. 19499 and Citizens Bank of Canada *PAC / to these proceedings - PAC* are added as Respondents, and shall be included in the term Debtor as defined in the first paragraph of this Order. The added Respondents (~~Debtor~~) each claim an interest in the properties listed under the Certificate of Pending Litigation annexed hereto as Schedule "B".

31. THIS COURT ORDERS that all parties be served with a copy of this Order within seven (7) days.

*PAC /* 32 This COURT ORDERS that the Receiver shall provide an interim report to this Court on or before Nov 8th 2007 & there shall be a further hearing before this Court on that date. *PAC* *PAC* to seek court approval *PAC*

*PAC /* 33 This Court further Orders that the Respondent Peter Sabourin shall be entitled to expend funds which would otherwise be subject to this order, to retain legal counsel & to defray reasonable living expenses pending the return date of Nov 14th, 2007, in amounts to be approved by this Court & subject to further order of this Court. *PAC*

*(Dated 5 Nov 2007 P. J. B. ...)*

## **Appendix “B”**



**BANKRUPTCY AND INSOLVENCY ACT**

200 - 1 Concorde Gate  
North York, ON M3C 4G4

**Notice and Statement of the Receiver**

Subsection 245 (1) and Subsection 246 (1)

T. 416.391.2900

F. 416.644.4303

Web site: [www.mintzca.com](http://www.mintzca.com)

**IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF**

**PETER SABOURIN, SABOURIN AND SUN CANADA INC., SABOURIN AND SUN INC., SABOURIN AND SUN (BVI) Inc., SABOURIN AND SUN GROUP OF COMPANIES INC., GROUP NORTH PROPERTIES LTD., WHISPERING PINES GOLF COURSE LIMITED, 166815 ONTARIO INC., 1684164 ONTARIO LTD, 1692373 ONTARIO LTD., 1692374 ONTARIO LTD., ALMAGUIN PAKRLANDS INC., 1670342 ONTARIO INC., carrying on business as PICKERALL LAKE LODGE LIMITED, 1681114 ONTARIO LTD., carrying on business as GROUP WEST LTD., 1673227 ONTARIO INC., carrying on business as BIRCHWOOD CAMP, 1689542 ONTARIO LTD., carrying on business as PINES COTTAGE RESORT, 1695083 ONTARIO LTD., carrying on business as PRIVELEGE RESORTS INTERNATIONAL INC., CAMDETON TRADING LTD.**

**Take notice that**

1. On the 5<sup>th</sup> day of October, 2007, the undersigned, Mintz & Partners Limited ("MPL"), became the Court- appointed Receiver and Manager in respect of the properties as described above ("Sabourin et al" or the "Companies") by virtue of being appointed by the Honourable Justice Cummings of the Superior Court of Justice, Commercial List pursuant to the **Courts of Justice Act** to take possession of the assets of Sabourin et al, insolvent corporations. A copy of the Order is attached as Appendix "A".
2. To date the Receiver and Manager has been unable to locate any books and records of the Companies and therefore has no listing of the Companies' assets and or liabilities.
3. The undersigned became a Receiver and Manager in respect of the Companies' assets by virtue of being appointed by the Court on Application by the following creditors: 1261746 Ontario Inc., Wilnor Holdings Ltd., Lighthouse Equities Ltd., William H. Brown and Robert Hart.
4. As the Receiver and Manager cannot locate the books and records of the Companies, to date, it has not notified the creditors of its appointment.
5. The following information relates to the receivership:

Address of insolvent corporations: - to be determined

Principal line of business: - real estate investments

Locations of business: - various locations in south/central Ontario

Amounts owed by the insolvent corporations to the Applicants is unknown.

1. 1261746 Ontario Inc.
  2. Wilnor Holdings Ltd.,
  3. Lighthouse Equities Ltd.,
  4. William H. Brown
  5. Robert Hart,
5. Contact person for Receiver: Mintz & Partners Limited  
1 Concorde Gate  
Suite 200  
North York, Ontario  
M3C 4G4
- Tel: (416) 673-5035  
Fax: (416) 644-4303

**Attention: Mr. Jack Richards**

6. The intended initial action plan of the Receiver and Manager is to locate and obtain possession of the Company's assets and to file its Report to the Court.
7. As the Receiver and Manager has not located the Companies' books and records a list of creditors is not attached.

DATED at North York, Ontario, this 10<sup>th</sup> day of October, 2007.

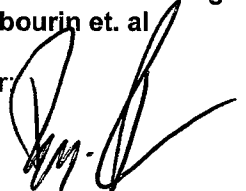
**MINTZ & PARTNERS LIMITED**

**Court -appointed**

**Receiver and Manager re:**

**Sabourin et. al**

Per:

  
Bryan A. Tahnenbaum, FCA, CA-CIRP, FCIRP  
President

AK/

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## **Appendix “C”**

# Memo

**To:** Bryan Tannenbaum, Paul McGrath & Peter Aziz (by e-mail)  
**From:** Jack Richards  
**Date:** October 16, 2007  
**Re:** **SABOURIN GROUP**

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On October 11 and 12, 2007, Paul and I travelled to the Huntsville area to visit/inspect the various Sabourin properties in the area. Paul took pictures of the properties and this memo will summarize my notes of the various property visits:

- 1. Mary Lake Cottage – 689 Evergreen Trail - Owned by 1695083 Ontario Limited o/a Privilege Resorts International Inc.**
  - This is an upscale cottage that is likely worth in excess of \$800,000.
  - The cottage was empty and all furniture, etc., had been removed.
  - The cottage was locked with signs on all doors indicating that it was being cared for by AGC Incorporated and in an emergency a call should be made to the local police or 1-800-561-4133 or 1-800-577-8711 (pager) reference #632309 or #632311. Paul called Angie at AGC and left a message. Apparently they represent Citizens Bank, a mortgagee on the property.
  - There is a small ceramic tile pool – say approximately 6' wide by 20' long and 4'-6' deep. There is no diving board but the pool is full and will need to be winterized.
  - There is a large above ground propane tank on the lot for heating purposes and a Bell Express Vu satellite dish on a tree.
  - The dock is aluminum frame with removable wood sections. The wood sections were on the land but the aluminum frame was detached but still in the water resting on the shore. It is very expensive, estimated value in excess of \$10,000, and should be more appropriately stored.
  - When we arrived Hydro One were present and indicated that they had a call from their office to turn the power back on – likely at AGC's request.
  - We will need to retain an agent to deal with the aluminum dock and pool and make periodic visits. We should talk to Citizens Bank and perhaps we can retain AGC.
  - This property was listed for sale on July 30, 2007 for \$874,900 with Century 21 Cottage Country Realty Inc., Huntsville. The contact is Jacob Kuiger at 705-789-6568.

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**2. Whispering Pines Golf Course – 451 Golf Course Road - Owned by  
Whispering Pines Golf Course Limited**

- This is a 9-hole golf course in Huntsville and when we arrived the gate was locked and a closed sign was posted.
- The clubhouse was locked and consisted of a small dining room, pro shop, third floor apartment with kitchen, etc., and contained various tables, chairs, etc.
- There was a 2-car garage, which was open and contained an old red Toyota truck with a plow.
- There was a small shed beside the garage, which contained 12 plastic lawn chairs and a few tables. The power was live in the shed.
- There was a small blue garage with a maintenance trailer in it.
- There was a shed attached to the clubhouse, which was open and contained 23 handcarts and 18 old sets of clubs.
- A Mark McAnally appeared and was trying to collect a \$68 bill for a local GMC dealer – phone number 705-789-7500. Mark indicated that a Ray Deveau in Kearney may be able to assist us in relation to the golf course.
- We left and went to Huntsville Downs Golf Course to contact a Dan Rizzi (a contact of Bryan's) to see if he could assist us. We met with Vicki Hill and John Lemay who indicated that Dan left a year ago. They may be willing to assist us in relation to visiting Whispering Pines. They also told us the following about Whispering Pines:
  - It may have a few members.
  - It's power golf carts were leased on an annual basis and presumably returned.
  - Whispering Pines was listed for sale with Royal LePage in Huntsville.
  - Whispering Pines' business deteriorated in the last 2 years since "new ownership" took over and it was infested with a "bad" type of grass, which was ruining the course. They said it would take a few years of proper grooming, etc., to fix the problem.

**3. Timber Trail Resort – 4575 Highway 60, Dwight – Owned by  
Group North Properties Ltd.**

- This property is located near Oxtongue Lake just outside of Algonquin Park.
- It consists of a log building which is approximately 20' x 80' and contains some minor furniture and fixtures. The building was locked.
- There were also 4 cabins, which were open and full of garbage. It appeared that, at one time, there were more cabins, which had been removed. The remaining cabins are worthless.

- There were 4 new cabins being built on the property, which were framed and sheeted, but they had no windows. The electrical work was started inside and there were panels, etc., but no power to the building. The sign at the front of the property indicated that these were to be “fractional ownership” which is a time-share concept.
- There was a small cabin resort called Wolf Den across the street and we visited with Benjamin Teskey and Robin Golloher who operate the business. They indicated that our property appeared abandoned with no recent activity and they would assist us with inspections, etc.

**4. The Pines Cottage Resort – 1032 Oxtongue Lake Road – Owned by 1689542 Ontario Ltd. o/a Pines Cottage Resort**

- This property consists of an office/manager residence, 10 small cottages and a maintenance garage.
- The office was unlocked and contained miscellaneous cottage bedding stored in plastic bags and an office with a computer, desk, chair and 2 walkie-talkie type phones. We searched the office and found a Manulife benefits book, blank TD Bank book and evidence of reservations that had been taken for 2008.
- The cottages were locked but we located the keys and inspected them. They contain basic cottage rental type furniture.
- The office and cottages appeared to be winterized.
- The maintenance garage was open and contained a Craftsman 4 wheel tractor with trailer – appeared to be in very good condition, 3 plastic kayak type boats, a Mariner 6HP boat motor and assorted tools and maintenance items.
- On the property we observed 3 canoes, 2 paddle boats, 2 – 12’ aluminum boats, assorted beach chairs and 9 BBQ’s.
- There was also a small shed, which contained the water pump.
- There was also a small building beside the maintenance garage which was used for storage but which appeared to have previously been a common room for reading, playing games, etc.
- The people from the Wolf Den discussed above could also perform inspections of this property.

**5. Pickerel Lake Lodge – 2159 Pickerel and Jack Lake Road, Township of Armour - Owned by 1670342 Ontario Inc.**

- This property is located on Pickerel Lake north of Burks Falls. It is generally open 11 months a year for cottagers, fishermen and snowmobilers.
- The property consists of the following:

- A main lodge building containing the following:
  - 11 rooms for rent
  - kitchen
  - 2 dining rooms
  - office
  - pool
  - sauna and hot tub
- 8 Chalet cottages
- 2 Viceroy cottages
- mobile cottage being built
- building with 6 queen and 6 king suites
- conference centre
- barn for tractors, maintenance equipment, etc.
- tennis court
- miscellaneous buildings, manager residence, etc.
- We met the local manager, Wendy Swift, who lives on site and the construction/maintenance manager, Mike DaSilva and gave them the Court Order. We toured the premises and inspected the various buildings, which appear in good condition. There are no winterization issues.
- This property is subject to a sale to "Joe Martin in Trust" who is operating the facility under an Amendment to Agreement of Purchase and Sale pending closing. Joe Martin lives in Toronto and his cell phone number is 416-903-3671.
- We need to determine the status of insurance coverage.

**6. 157 Yonge Street, Sundridge – this property is/was owned by 1681114 Ontario Ltd. o/a Group West Ltd.**

- This property is an approximately 75 year old brick house located in Sundridge.
- We met an elderly couple at the premises, who indicated that they purchased the property in June, 2007.
- The couple indicated that they purchased the property from Group North and that we should contact either Mr. Hardy or Doug Smith at Hardy & Associates Realtors at 705-384-5770 for additional information.

**7. Burks Falls Vacant Land – 15467 Ontario Street – Owned by 1681114 Ontario Ltd. o/a Group West Ltd.**

- This property is located on Ontario Street in Burks Falls beside the Township of Armour and OPP buildings.

- The property is vacant and is approximately 2.0 acres.

**8. Birchwood Camp, Lake Cecebe, 422 Lakeview Drive, Burks Falls  
- Owned by 1673227 Ontario Inc.**

- This property consists of a house/camp office, a 2-door maintenance garage and 7 low-end rental cottages. There is also a small bait/tackle building called "Marty's" and a small common shower building.
- The house was locked but the cottages were open and appear to be winterized.
- There was a large tree that had fallen down beside one cottage although it appeared it was there for some time as it had obviously taken out a hydro line to the cottage, which had since been repaired.
- There were also 3 old 12' aluminum boats on the property.
- We visited a nearby large trailer park in an attempt to determine if someone was available to hire to inspect our property but the park was closed. It appeared someone may live year-round in the main house at the park but was not home.

**9. Almaguin Parklands Inc. - campground, 419 Owl Lake Road, Katrine,  
Township of Armour**

- This property consists of an office/recreation centre, 3 rental cottages, 65 yearly rental trailer sites, 15 transient rental trailer sites and 20 tent camping sites.
- Customers for the yearly rental trailer sites pay their annual rental fee when the camp opens on May 24 weekend and if they decide to move their trailer at that time, they pay a \$200 winter storage fee.
- There is an inground pool on the property but it was not opened this year as the liner is leaking and needs to be replaced at a cost of approximately \$7,500. The pool has about 1-1/2' water in it but over winter it is possible that freezing temperatures may cause the pool walls to collapse.
- We met Jeremy Rodrigues and Robin Swift who managed the campground this year. They indicated that they have been paid by Group North to October 13, 2007. They indicated that their agreement with Group North is that they live in a house on the property rent free over the winter with no further pay and Group North pay their phone (705-382-3802) and hydro bills. We need to determine where these bills are being mailed to.
- Jeremy indicated that the campground is winterized except for the draining of the water lines and that the previous manager, Steffan, was coming to the campground on October 13, 2007 to show him how to properly drain the water lines.



- Jeremy also indicated that all records and monies collected were sent to Judy at Whispering Pines Golf Course.

**10. 1692374 Ontario Ltd. – 20 Scotia Road, Emsdale**

- This property was not inspected but consists of approximately 42 acres of semi-forested land.
- The property has on/off access to Highway 11.
- This property was previously listed with Royal LePage, Huntsville who indicate that there is interest in the property from various petroleum companies who have an interest in building a gas station/truck stop on the property.



Jack Richards

JR/dn

## **Appendix “D”**

**Peter Sabourin ET AL**  
**Companies Property Summary Information Chart**

Property No. #	Address	Last Transfer Date	Consideration	Vendor	Purchaser	Site Area (Acre)	BLDG Area (Sq. Ft.)	Registered Mortgages	Use	Status	Development Potential/Highest and Best Use	Estimated Market Value <sup>See 1</sup>	Estimated Closing Costs Re Commission	Net Proceed Etc.
1	451 Golf Course Rd. Huntsville (PT Lot 15, 4th Concession.)	16-Sep-92	\$476,933	Milton R. Bjork	Whispering Pines Golf Course Limited	50.00	N/A	\$650,000 (Vector Financial Services Limited)	9 Hole Golf Course and Clubhouse and utility bldgs.	Originally Listed for sale for \$1,300,000. The sale was for the shares of the Company on July 30, 2007 Cancelled October 9, 2007	Non at this time. The site is designated open space by zoning and official plan. The current golf course is the H&B use.	\$1,200,000	\$60,000.00	\$1,200,000
2	157 Yonge Street, Burk's Falls (Lot 2, Registered Plan 26, Burk's Falls, Parry Sound)							\$250,000 (Robert Weisz Maple Trust Company) \$900,000						See 2 \$240,000
<b>REPORTED SOLD</b>														
3	419 Owl Lake Road, Kairnie (PT Lot 15, Conc. 1 being PT 3, Registered Plan 42R-6558 PT Lot 15, Conc 2 Being PTS 1&4, Registered Plan 42R-6558)	28-Apr-06	\$850,000	Canadian Almarquin Holidays Ltd	1692373 Ontario Ltd.	85.62	N/A	\$300,000 May 2, 2006 (Stefare & Gertrude Gerstweiler) \$350,000 May 2, 2006 (Hanna Minsky 38.58%, Risa Share & Howie Share 5.71%, Tamara Weisz 28.57%, Sherri Weisz 27.14%) \$690,000	Campground with an Office/Rec Centre, 3 Rental Cottages, 65 Yearly Trailer Sites, 15 Transient Trailer Sites, 20 Tent Camping Sites.	Listed for Sale in July 2006 for \$825,000 Cancelled October 9, 2007	None Currently H&B Use	\$750,000	\$37,500.00	\$750,000
4	20 Scolia Road, Parry Sound (PT Lot 16, Conc 9 being PT 1 on registered Plan 42R-15544 together with a right of way PT 3, Reg. Plan 42R-6022 Parry Sound	2-May-06	\$275,000	John Crozier & Debra Crozier	1692374 Ontario Ltd.	48.38 (Approx.)	N/A	\$350,000 May 12, 2005 (Hanna Minsky 38.58%, Risa Share & Howie Share 5.71%, Tamara Weisz 28.57%, Sherri Weisz 27.14%) \$350,000	Vacant Land	Originally Listed for Sale for \$399,000 but has been cancelled	Vacant undeveloped land. It has been reported that there has been an interest from Petroleum Companies interested in building a Gas Bar/Truck Stop on the site.	\$300,000	\$15,000.00	\$300,000
														Less (Mortgage) \$350,000
														Less (Commission) \$15,000
														Less (Mortgages) \$650,000
														\$62,500
														Less (Commission) \$37,500
														Less (Mortgages) \$650,000
														\$62,500

Note 1: The estimated market value is based on an opinion of estimated value provided by a local Real Estate agent familiar with the subject property and upon a cursory review of market data. Should a concise estimate of value be required, a formal appraisal report prepared by a qualified real estate appraiser is recommended.

Note 2: Estimated net proceeds does not include other potential costs that may include unpaid Realty Taxes, Utilities, Construction Liens, Legal Fees, etc.

**Peter Sabourin ET AL**  
Companies Property Summary Information Chart

Property No. #	Address	Last Transfer Date	Consideration	Vendor	Purchaser	Site Area (Acres)	BLDG Area (Sq. Ft.)	Registered Mortgages	Use	Status	Potential/Highest and Best Use	Estimated Market Value	Estimated Closing Costs Re Commission	Net Proceed Etc.	
5	2159 Pickeral Lake Road (PT broken lot 30 Conc. 10, Parry Sound, (Lana Tiles)/ PT Lot 29, Conc 10, Being PTS, 4, 6 and 9, Plan 42R - 14173, Parry Sound PT Lot 29, Conc. 10, Parry Sound / All of Lot 29, Conc. 10 Lying South of Part A, Plan P5R-1890, as described in Instrument No. 75495, Parry Sound)	31-Aug-05	\$1,675,000	Pickeral Lake Lodge Limited	1670342 Ontario Inc.	Approx 150 Acres	Various	\$1,500,000 December 2, 2005 (1369574 Ontario Limited)	Resort/Lodge Main 11 Rooms, Dining Services, Lodge Building, with 11 Office, Indoor Pool, 8 Chalet Cottages - 2 Viceroy Cottages, New Conference Centre (3,000 sq. ft.), Tennis Court, Managers Residence, Boat House Out Buildings, 850 Ft Sandy Beach	Originally Listed for Sale for \$3,490,000 and Sold Conditionally in November 2006 for \$3,020,000 to Joe Martins, in Trust to Close on April 2, 2007. The Agreement was amended but undated lowering the purchase price to \$2,800,000 with a closing date of September 1, 2008. The Buyer and Seller Agreed to enter into a lease agreement on or before March 15, 2007 for the period of March 1, 2007 to September 1, 2008, the lease payments is \$28,500/mth or which \$10,000 is to be credited to the purchase price. The Amended Agreement was amended on March 8, 2007 lowering the purchase price from \$2,800,000 to \$2,550,000. If the closing date was on or before Oct. 1, 2007 the purchase price would be \$2,425,000.	Possible room for expansion. Current Use H&B use.	\$3,000,000	\$90,000.00	\$3,000,000	
								\$800,000 January 18, 2007 (Vendor Financial Services Limited)					Less (Commission) \$90,000	\$810,000	
								\$225,000 Jan 30, 2006 (Robert Weisz 55.56%, Florence Shuber 44.44%)	Vacant Land	Listed for Sale for \$59,900 but cancelled	Potential Commercial Lot in the town of Burks Falls	\$50,000	\$2,500.00	Less (Mortgage) \$2,100,000	\$810,000
6	Ontario Street (PT Lot 37, Registered Plan 315, being P1Z, registered plan 42R-15467	30-Jan-06	\$45,000	Group West Limited	Group West Ltd.	0.74	N/A							Less (Commission) \$2,500	\$42,500
								\$1,500,000 Dec 2, 2005 (1369574 Ontario Limited)	7 Rustic 2 bedroom lakefront house keeping cottages and a mainhouse on Lake Cecabe, 1500 feet of water frontage.	Originally Listed for Sale for \$575,000 cancelled on Oct 9, 2007.	None	\$30,000	\$26,500.00	Less (Mortgage) \$2,100,000	\$30,000
7	422 Lakeview Drive, Burks Falls (PT Lots 16&17, Conc. 12, Parry Sound	3-Oct-05	\$500,000	Martin Peacock, Brenda Peacock	1673227 Ontario Inc.	15.00	N/A				The Current use is the H&B use.			Less (Commission) \$26,500	\$473,500
								\$2,100,000						Less (Mortgage) \$2,100,000	(\$1,596,500)

Note 1: The estimated marked value is based on an opinion of estimated value provided by a local Real Estate agent familiar with the subject property and upon a cursory review of market data. Should a concise estimate of value be required, a formal appraisal report prepared by a qualified real estate appraiser is recommended.

Note 2: Estimated net proceeds does not include other potential costs that may include unpaid Realty Taxes, Utilities, Construction Liens, Legal Fees, etc.

**Peter Sabourin ET AL**  
**Companies Property Summary Information Chart**

Property No. #	Address	Last Transfer Date	Consideration	Vendor	Purchaser	Site Area (Acre)	BLDG Area (Sq. Ft.)	Registered Mortgages	Use	Status	Potential/Highest and Best Use	Estimated Market Value	Estimated Closing Costs Re Commission	Net Proceed Etc.
8	4575 Highway No. 89, (PT Lot 9, Conc. 13, Being PTS 1, 2, 3, registered plan 19R-7029 Haliburton.	PT 1 - Jan 30, 2006	\$150,000	1181328 Ontario Limited	168573 Ontario Ltd. O/A Group North Properties	11.00 Total	1600 (Main Storey) Plus 4 Partially Built Cabins.	\$500,000 Jan 18, 2007 (Vector Financial Services Limited)	Commercial Retail and Cottages on the Oxlongue River	Originally Listed for Sale for \$825,000 but has been cancelled	None at this time the current use is the H&B use.	\$825,000	\$40,000.00	\$825,000
		P12 - Jan 30, 2006	\$50,000	764867 Ontario Inc.	168573 Ontario Ltd. O/A Group North Properties			\$225,000 Jan 30, 2006 (Robert Weisz 55.56%, Florence Shurber 44.44%)						Less (Commission) \$40,000
		P13- Aug 15, 2005	\$594,000	764867 Ontario Inc.	166816 Ontario Inc. O/A Group North Properties									Less (Mortgages) \$825,000
			<b>Total \$794,000</b>					<b>\$825,000</b>						<b>(\$40,000)</b>
9	1032 Oxlongue Lake Road, PT Lots 4&5, Conc 12, Haliburton	1-Mar-06	\$300,000	Garry Hannwell and Dorothy Hannwell	1669542 Ontario Ltd.	3.27	7,000 (Approx.)	\$350,000 May 2, 2006 (HannMinistry 38.58%, Howie Share & Risa Share 5.71%, Tamra Weisz 28.57%, Sherri Weisz 22.14%)	Resort/Cottage Property with 10 fully equipped cottages (3 winterized), Owners 2 bedroom renovated residence & office, 200 feet frontage on Oxlongue Lake	Originally Listed For Sale for \$1,199,000 listing still active.	None currently H&B use	\$800,000	\$40,000.00	\$800,000
								\$350,000						Less (Commission) \$40,000
														Less (Mortgages) \$350,000
														\$410,000
10	689 Evergreen Trail, Huntsville (PT Lot 32, Conc. 9, PT Lot 32, Conc. 10 being PT 12, Registered Plan 35R-10294	7-Apr-06	Internal Transfer	Peter Sabourin	1695083 Ontario Ltd	1.31	2,256	\$200,000 April 7, 2006 (Robert Weisz), \$170,000 Feb 20, 2003(CIBC Trust Corporation), \$430,000 July 24, 2001 (Citizens Bank of Canada), \$800,000 Mortgage + \$26,000 Payment Arrears to October 2007.	Custom Built Modern Cottage with 2 Bedrooms and an Inground Pool.	Listed for Sale in July 2007 for \$874,900 Listing still active	None, Currently H&B use.	\$850,000	\$42,500.00	\$850,000
														Less (Commission) \$42,500
														Less (Mortgage) \$825,000
														(\$18,500)

Note 1: The estimated market value is based on an opinion of estimated value provided by a local Real Estate agent familiar with the subject property and upon a cursory review of market data. Should a concise estimate of value be required, a formal appraisal report prepared by a qualified real estate appraiser is recommended.

Note 2: Estimated net proceeds does not include other potential costs that may include unpaid Realty Taxes, Utilities, Construction Liens, Legal Fees, etc.

## **Appendix “E”**

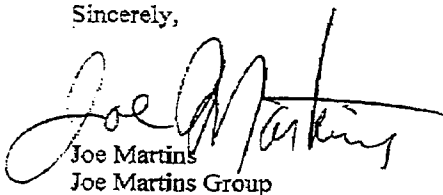


**Conditions:** (Are for the sole benefit of the Purchaser.)

- 1) All work in progress to be completed. (List to follow)
- 2) Up to date financial statements. *and 2004 financial statements*
- 3) Up to date survey.
- 4) Environmental clearance (Certificate) Vendor warrants there are no Environmental issues with the said property.
- 5) All work orders if any must be cleared.
- 6) Proof of legal construction permits and clearance fro all authorities.
- 7) Septic, pool, furnaces, heaters, building equipment etc. is all to be in good working order on closing date, acceptable to the purchaser.
- 8) Vendor agrees to stay on site or designate a person or persons knowledgeable with the said business and maintenance for a period of not more than three (3) months and be available by way of phone or on call for a further (3) months.
- 9) Vendors to allow the purchaser or his agent to enter the premises and become knowledgeable with the said business at least 90 days prior to closing date.
- 10) Vendor agrees to work with the purchaser in all capacities of the business, or the Vendor's agent.
- 11) Purchase agrees not to interfere with the Vendors staff or the business prior to closing.
- 12) Vendor to supply the Purchaser with any appraisals in his possession and contracts he has entered into in regards to Pickerel Lake Lodge.

**Closing:** April 2<sup>nd</sup>, 2007

Sincerely,

  
Joe Martins  
Joe Martins Group



## **Appendix “F”**

**1670342 Ontario Inc.**  
**(o/a Pickerel Lake Lodge)**  
**Financial Statements**  
**For the year ended December 31, 2006**  
**(Unaudited - see Notice To Reader)**

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<b>Financial Statements</b>	
Balance Sheet	3
Statement of Operations and Deficit	4
Notes to Financial Statements	5

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## Notice To Reader

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We have compiled the balance sheet of 1670342 Ontario Inc. (o/a Pickerel Lake Lodge) as at December 31, 2006 and the statement of operations and deficit for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Accountants

Huntsville, Ontario  
January 30, 2007

**1670342 Ontario Inc. (o/a Pickerel Lake Lodge)**  
**Balance Sheet**  
**(Unaudited - see Notice To Reader)**

December 31	2006	2005
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 11,954	\$ 14,541
Accounts receivable	52,618	8,178
Prepaid expenses	-	18,692
	64,572	41,411
<b>Capital assets (Note 1)</b>	<b>2,785,942</b>	<b>1,894,504</b>
	<b>\$ 2,850,514</b>	<b>\$ 1,935,915</b>
<b>Liabilities and Shareholder's Deficiency</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 155,643	\$ 49,480
Deferred revenue	7,483	-
	163,126	49,480
<b>Long-term debt (Note 2)</b>	<b>3,360,485</b>	<b>2,052,629</b>
	<b>3,523,611</b>	<b>2,102,109</b>
<b>Shareholder's deficiency</b>		
Share capital	1	1
Deficit	(673,098)	(166,195)
	<b>(673,097)</b>	<b>(166,194)</b>
	<b>\$ 2,850,514</b>	<b>\$ 1,935,915</b>

On behalf of the Board:

\_\_\_\_\_ Director

**1670342 Ontario Inc. (o/a Pickerel Lake Lodge)**  
**Statement of Operations and Deficit**  
**(Unaudited - see Notice To Reader)**

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>
<b>Sales</b>	<b>\$ 612,233</b>	<b>\$ 124,928</b>
<b>Cost of goods sold</b>	<b>216,265</b>	<b>57,845</b>
<b>Gross profit</b>	<b>395,968</b>	<b>67,083</b>
<b>Expenses</b>		
Advertising	57,252	35,854
Amortization of capital assets	75,558	9,136
Automotive	16,803	5,637
Bank charges and interest	14,019	1,191
General and office	12,878	6,045
Incorporation costs	-	529
Lodge supplies	10,753	7,220
Management fees	57,537	7,053
Professional fees	3,150	3,000
Property taxes	21,348	7,332
Repairs and maintenance	69,327	55,349
Salaries, wages and employee benefits	460,935	74,907
Telephone	4,805	5,428
Utilities	98,506	14,597
	<b>902,871</b>	<b>233,278</b>
<b>Net loss for the year</b>	<b>(506,903)</b>	<b>(166,195)</b>
<b>Deficit, beginning of year</b>	<b>(166,195)</b>	<b>-</b>
<b>Deficit, end of year</b>	<b>\$ (673,098)</b>	<b>\$ (166,195)</b>

**1670342 Ontario Inc. (o/a Pickerel Lake Lodge)**  
**Notes to Financial Statements**  
**(Unaudited - see Notice To Reader)**

**December 31, 2006**

**1. Capital Assets**

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,029,212	\$ -	\$ 1,029,212	\$ -
Buildings	1,556,639	36,812	759,956	5,066
Equipment	266,339	42,292	99,212	3,307
Automotive equipment	18,446	5,590	15,260	763
	<b>\$ 2,870,636</b>	<b>\$ 84,694</b>	<b>\$ 1,903,640</b>	<b>\$ 9,136</b>
Net book value		<b>\$ 2,785,942</b>		<b>\$ 1,894,504</b>

**2. Long-term Debt**

	2006	2005
Due to related company	<b>\$ 3,360,485</b>	<b>\$ 2,052,629</b>

## **Appendix “G”**

**GROUP NORTH PROPERTIES  
OUTSTANDING PAYABLES  
SEPTEMBER 5 2007**

PROPERTY	VENDOR	AMOUNT	TOTAL
TIMBER TRAIL	BDO	\$7,634.65	
	Bell	\$1,322.53	
	Bell	\$64.59	
	Canadian Shield	\$13,482.40	
	Fontaine & Audette	\$5,577.78	
	Hydro One	\$1,790.46	
	Minister of Finance	\$392.25	
	MNR	\$70.49	
	Nor-Tek Electric	\$9,717.19	
	Reliance Home Comfort	\$37.25	
	Shaw Heating	\$4,856.00	
Walter Benn	<u>\$2,316.31</u>		
			\$47,261.90
Pickerel Lake	Amusmatic	\$273.02	
	BDO	\$3,350.66	
	Bowman Fuels	\$16,274.38	
	Canadian Shield	\$3,700.80	
	Danny Andrews	\$1,395.68	
	Hydro One	\$14,411.55	
	Nor-Tek Electric	\$75,029.06	
	Service Master	\$262.38	
	Servicio Filipino Internationale	\$1,288.00	
	Taylor Floor Coverings	<u>\$6,971.29</u>	
			\$122,956.82
Birchwood Camp	BDO	\$2,962.70	
			<u>\$2,962.70</u>
Pines Cottage Resort	BDO	\$3,874.30	
	Bell Canada	\$501.78	
	Direct Market Link	\$132.50	
	Dwight Garden Centre	\$417.90	
	Dwight Lumber	\$906.17	
	Hydro One	\$4,221.43	
	Nor-Tek Electric	\$3,444.89	
	Oxtongue Lake General Store	\$83.94	
	Reliance Home Comfort	\$150.16	
	Friends of Algonquin Park	\$132.50	
	Forester	\$62.33	
	Walter Benn	\$530.00	
Weekender	<u>\$68.26</u>		
			\$14,526.16



Whispering Pines	All Turf Ltd	\$5,772.14		
	BDL Mechanical	\$58.71		
	BDO	\$3,874.30		
	Central Cart	\$5,884.26		
	GC Duke	\$417.37		
	Hydro One	\$1,837.23		
	McCauley Equipment	\$321.26		
	Muskoka Rentall	\$140.84		
	Nu-Gro Ltd	\$6,320.98		
	Ontario Seed	\$617.66		
	Reliance Home Comfort	\$36.74		
	Rolston Home Bldg Centre	\$128.65		
	Forester	\$814.08		
	Vanden Byssche Irrigation	\$280.72		
Yellow Pages	\$129.30			
			\$26,634.24	
Almaguin Parklands	A-1 Septic	\$173.95		
	Almaguin News	\$21.20		
	Danny Andrews	\$528.68		
	Glen Martin Ltd	\$210.70		
	Chamber of commerce	\$132.50		
	Hydro One	\$12,093.37		
	Hyland Ice	\$261.00		
	Muskoka Pump	\$166.21		
	Reliance Home Comfort	\$74.50		
	Ward Tim-br Mart	\$1,177.69		
	Scott Dingman Trucking	\$116.50		
			\$14,956.30	
Group North Properties	407ETR	\$36.62		
	BDO	\$17,454.25		
	Bell Canada	\$555.10		
	Bowman Fuels	\$182.87		
	Edmonds	\$68.70		
	Ihost Technologies	\$439.74		
	Manulife Financial	\$1,823.75		
	Purolator	\$125.96		
	Reliance Home Comfort	\$35.78		
	Rogers Wireless	\$264.16		
	Telizon	\$449.40		
	Via Net	\$397.45		
Yellow Pages	\$17.58			
			\$21,851.36	
TOTAL SUPPLIERS			\$ 251,149.48	

PROPERTY TAXES

Timber Trail	\$12,844.87	
Pickerel Lake	\$25,072.19	
Birchwood Camp	\$1,634.85	
Pines	\$949.65	
Whispering Pines	\$7,721.33	
Almaguin Parklands	\$6,803.91	
Scotia Road	\$208.74	
157 Young	<u>\$695.40</u>	
		\$55,930.94

WSIB	Almaguin Parklands	\$462.41	
	Pines	\$474.12	
	Group North	\$190.38	
	Whispering Pines	<u>\$612.65</u>	
			\$1,739.56

GST	Pickerel Lake Lodge	\$3,975.49	
	Almaguin Parklands	\$4,413.65	
	Whispering Pines	<u>\$1,571.50</u>	
			\$9,960.64

PST	Whispering Pines	\$647.04	
	Pickerel Lake	\$5,387.72	
		<u></u>	
			\$6,034.76

PAYROLL	Pines	\$4,345.56	
	Almaguin Parklands	\$8,039.40	
	Group North	\$4,407.81	
	Whispering Pines	<u>\$10,523.45</u>	
			\$27,316.22
			<u>\$ 352,131.60</u>

## **Appendix “H”**

Invoice Date: 11/02/2007  
Invoice No.: 117280  
Client No.: 20639.CKR01T. 416.391.2900  
F. 416.644.4303  
Web site: www.mintzca.comMintz & Partners Limited  
1 Concorde Gate,  
Suite 200  
North York, Ontario  
M3C 4G4

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**INVOICE #1****Sabourin et. al. ("Sabourin" or the "Companies") – Court-appointed Receivership**

To professional services rendered by Mintz & Partners Limited ("MPL") as Court-appointed Receiver ("Receiver") ending October 31, 2007, including:

- Attendance on September 20, 2007 at the offices of Mr. Symon Zucker of Danson Zucker & Connelly ("DZ&C") to discuss the background information with respect to Sabourin;
- Attendance at court on October 5, 2007 to obtain the Court-order with respect to MPL's appointment as Receiver of the Companies;
- Discussions on October 5, 2007 with Mr. Zucker with respect to the status of the court-appointment of MPL;
- Meeting on October 9, 2007 to discuss the Court-appointed Receivership and requirements thereto;
- Correspondence of October 9, 2007 to Mr. Zucker requesting that the Court Order be registered on title of the properties and advising that an Application will be made to Court requiring the Ontario Securities Commission ("OSC") to disclose their files and other information relating to Sabourin;
- Correspondence of October 9, 2007 to D. Moore LL.B. requesting access to information relating to his client, P. Sabourin;
- Correspondence of October 9, 2007 to D. Preger LL.B. with respect to details of his client's purchase of Pickeral Lodge and subsequent discussions with Mr. Paul McGrath and Mr. J. Richards re: same;
- Preparation on October 10, 2007 of the bank requests for all Sabourin accounts and review of property addresses for same;
- Preparation on October 10, 2007 of the Notice and Report of Receiver pursuant to Sections 245(1) and 246(1) of the **Bankruptcy and Insolvency Act** ("BIA") and file same with the Official Receiver;
- Telephone discussion on October 10, 2007 with Mr. David Moore with respect to locating Mr. P Sabourin;

- Review on October 10, 2007 of the property searches and other information relating to the Sabourin Properties;
- Telephone discussion on October 10, 2007 with counsel for Mr. P. Sabourin;
- Discussion on October 10, 2007 with Mr. Peter Aziz of M&P Property Management with respect to real estate issues regarding the Sabourin properties;
- Discussions on October 10, 2007 with respect to visiting the properties and obtaining the mortgage documentation and bank account information;
- Preparation of correspondence on October 11, 2007 to various solicitors listed with respect to the Sabourin mortgages;
- Attendance on October 11, 2007 in Gravenhurst with respect to the property visits;
- Attendance on October 11, 2007 in Mary Lake to inspect to the cottage and discussion with Hydro One with respect to electricity at the premises;
- Attendance on October 11, 2007 at Whispering Pines in Huntsville to inspect the golf course and buildings on site;
- Attendance on October 11, 2007 at Timber Trail Resort to inspect the property;
- Attendance on October 11, 2007 at Wolf Den Resort to request assistance to conduct periodic inspections of Timber Trail Resort;
- Attendance on October 11, 2007 at Pines Cottages Resort and inspect the property;
- Letter of October 11, 2007 to Mr. Preger with respect to Mr. Joe Martins and Pickeral Lake Lodge;
- Attendance on October 12, 2007 at Pickerel Lake Lodge to inspect the premises and discuss operational issues with staff;
- Attendance on October 12, 2007 at 157 Yonge Street, Sundridge house to perform an inspection of the premises and discuss the sale of the house with the residents;
- Attendance on October 12, 2007 at the Burks Falls property to inspect the vacant land;
- Attendance on October 12, 2007 at Birchwood Camp, Lake Cecebe to conduct an inspection of the premises;
- Attendance on October 12, 2007 at Almaguin Parklands Campground to inspect the property and discuss operational issues with the current manager;
- Review on October 13, 2007 of the status of the receivership, including memos to the file re: property inspections performed;

- Telephone discussions on October 15, 2007 with Firstbrook Cassie & Anderson LLP ("FC&A") with respect to insurance requirements for the various properties;
- Discussions on October 15, 2007 with Mr. Aziz with respect to the property visits;
- Review on October 16, 2007 of the property visit memo and amendments to same;
- Receipt and review on October 11, 2007 of an e-mail from Mr. Preger with respect to the Receiver's inquiries re: Pickeral Lodge and prepare response to same;
- Telephone discussion on October 12, 2007 with Mr. Sloan's office requesting a list of information required by the Receiver re: Citizen's Bank;
- Telephone discussion on October 15, 2007 with Mr. McGrath with respect to the status of his investigation;
- Meeting on October 15, 2007 with the Township of Armour local Ontario Provincial Police ("OPP") with respect to the marina and docking of the Sabourin boat;
- Review on October 15, 2007 of the acknowledgement received from the Official Receiver and arrange for payment of the filing fee;
- Telephone discussion on October 16, 2007 with a Royal LePage representative with respect to the various properties for sale and offers to present on same;
- Review on October 16, 2007 of an e-mail from Mr. Nicholas Holland of Weir Foulds LLP ("WF") with respect to the Receiver's Application to the Court for Disclosure;
- Meeting of October 16, 2007 to discuss the properties and review financial records and documents re: same;
- Correspondence on October 16, 2007 to Mr. Zucker with respect to the status of documents requested;
- Telephone discussion on October 16, 2007 with Mr. Joe Martin with respect to the status of the Pickeral Lake sale;
- Review on October 16, 2007 of operational issues and insurance payments;
- Telephone discussion on October 16, 2007 with FC&A with respect to the status of the insurance;
- Correspondence of October 16, 2007 to Mr. Martin's counsel with respect to his purchase of the Pickeral Lake property;
- Correspondence of October 16, 2007 to Mr. Holland of WF with respect to the draft letter to the Ontario Superior Court;
- Letter of October 17, 2007 to Mr. Preger with respect to the Notice of Application against the Municipal Corporation of the Township of Armour;

- Review on October 17, 2007 of correspondence from WF with respect to the Application to the Court;
- Review on October 17, 2007 of real estate documentation with respect to the Emsdale property;
- Correspondence of October 17, 2007 with Mr. Zucker with respect to the numbered company listed on the Court Order;
- Telephone discussions on October 17, 2007 with FC&A with respect to various insurance issues and prepare Insurance Survey Forms for ten properties;
- Discussions on October 17, 2007 with Mr. McGrath with respect to the insurance values and property issues;
- Telephone discussion on October 17, 2007 with Mr. Bill Brown with respect to the status of the receivership;
- Telephone discussions on October 18, 2007 with various financial institutions holding mortgages on the properties;
- Telephone discussion on October 18, 2007 with the Alcohol and Gaming Commission inspector;
- Review on October 18, 2007 of correspondence to Mr. Preger with respect to the Pickeral Lake Lodge sale;
- Review on October 18, 2007 of the Notice of Application to Court commenced by Mr. Mike Da Silva with respect to the Pickeral Lake Lodge trailer chalet building;
- Review on October 18, 2007 of the report received from the United States alleging Mr. Sabourin committed fraud;
- Review on October 18, 2007 of the Pickeral Lake Lodge Insurance policy and subsequent discussion with Mr. Martin's counsel re: same;
- Telephone discussion on October 18, 2007 with counsel to Citizen's Bank with respect to the status of the receivership;
- Telephone discussion on October 18, 2007 with Mr. Sloan with respect to the status of the insurance, security issues and the sale of the cottage;
- Telephone discussion on October 18, 2007 with FC&A with respect to the insurance requirements and finalize forms re: same;
- Review on October 19, 2007 of the mortgage documents from Citizen's Bank, including appraisals;
- Telephone discussions on October 19, 2007 with various realtors with respect to the Sabourin properties;

- Telephone discussions on October 19, 2007 with various financial institutions requesting they close the accounts and forward the funds to MPL;
- Review status of the receivership on October 19, 2007 with respect to preparing the Court Report;
- Correspondence on October 19, 2007 to Mr. Zucker with respect to the Mary Lake cottage, enclosing correspondence from Baker Schneider Ruggiero ("BSR"), counsel to Citizen's Bank;
- Attendance on October 20, 2007 in Huntsville to take inventory of the Whispering Pines Golf Course;
- Review on October 22, 2007 of Mr. Brown's memo with respect to the Barbados' property;
- Discussions with Mr. Zucker with respect to the Court Report being prepared;
- Telephone conference call on October 22, 2007 with the US investigator with respect to Mr. Sabourin's recent activities;
- Telephone discussions on October 22, 2007 with the Township of Armour with respect to the chalet cottage hearing;
- Review on October 22, 2007 of cancelled cheques from Group North;
- Review on October 22, 2007 of the Court materials to be filed and the Investigation file;
- Review on October 22, 2007 of the real estate listings for six Sabourin properties;
- Review on October 22, 2007 of correspondence received from the US investigator;
- Review on October 22, 2007 of corporate records recently received;
- Telephone discussions on October 22, 2007 with BSR with respect to the maturity of the mortgage;
- Review on October 23, 2007 of correspondence from the Township of Armour with respect to Pickeral Lake Lodge;
- Review on October 23, 2007 of correspondence and secured claim received by CIT;
- Meeting of October 23, 2007 with Mr. Aziz with respect to information on the real estate issues required for the Court Report;
- Telephone discussion on October 23, 2007 with Mr. Zucker with respect to the Citizen's Bank mortgage;
- Telephone discussion on October 23, 2007 with FC&A with respect to insurance issues;
- Review on October 23, 2007 of correspondence received from Douglas Garbig, including mortgage documents for six properties;



- Meeting of October 24, 2007 with Mr. McGrath with respect to the status of the mortgages and forwarding same to counsel;
- Review on October 24, 2007 of various accounts payable for the Companies;
- Meeting of October 24, 2007 with Mr. Aziz and Mr. McGrath with respect to power of sale proceedings, mortgages and appraisals;
- Review on October 24, 2007 of documentation received from Solomon & Grosberg with respect to the Pickeral Lake Lodge sale;
- Telephone discussions on October 25, 2007 with BDO Dunwoody ("BDO"), with respect to financial statements;
- Review on October 25, 2007 of property searches for the Moose Lodge property;
- Telephone discussions on October 25, 2007 with AGC with respect to retaining them for inspections of the properties;
- Discussions on October 25, 2007 with Mr. Aziz with respect to the real estate analysis for the Report to Court;
- Telephone discussion on October 25, 2007 with FC&A with respect to updating insurance forms;
- Review and revise on October 25, 2007 the Report to Court;
- Review on October 26, 2007 the AGC property management brochures and discussions with AGC with respect to fee structure;
- Telephone discussions on October 26, 2007 with counsel for Almaguin with respect to the mortgage;
- Telephone discussion on October 26, 2007 with AGC with respect to the pool and aluminum dock at Mary Lake;
- Meeting of October 26, 2007 with Mr. Zucker at his offices with respect to the status of the receivership;
- Meeting of October 29, 2007 with Mr. Aziz with respect to the status of the real estate analysis and review of same;
- Review on October 29, 2007 of the financial statements for eleven Sabourin companies received from BDO;
- Telephone discussion on October 29, 2007 with AGC with respect to their property visits;
- Telephone discussions on October 29, 2007 with Mr. Preger with respect to the Pickeral Lake Lodge sale;

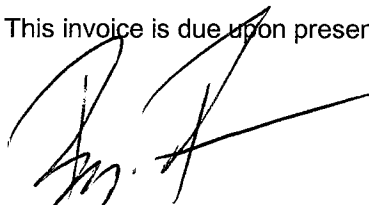
- Correspondence of October 29, 2007 to Ms. Shirley of FC&A enclosing the revised insurance forms;
- Attendance on October 30, 2007 at the offices of Mr. Zucker to meet Mr. Martin and his counsel re: Pickeral Lake Lodge sale and preparation of memo to file re: same;
- Telephone discussion with a BDO representative on October 30, 2007 with respect to the Sabourin acquisition of Pickeral Lake Lodge;
- Correspondence on October 30, 2007 to Mr. Zucker enclosing the Town of Armour's Application to Court;
- Telephone discussion on October 30, 2007 with Ms. Shirley with respect to various insurance issues;
- Telephone discussion on October 30, 2007 with a Century 21 representative with respect to the Pickeral Lake Lodge deposit and commissions;
- Review on October 30, 2007 of financial documents with respect to the Companies;
- Telephone discussion on October 31, 2007 with Bill Corrigan with respect to the Pickeral Lake Lodge sale issues;
- Review on October 31, 2007 of Mr. Aziz' s real estate analysis compiled on all the Sabourin properties;
- Review on October 31, 2007 of the status of letters to Sabourin counsel with respect to their trust account balances;
- Discussions on October 31, 2007 with Mr. McGrath with respect to the US Attorney actions in progress v. Sabourin;
- Telephone discussions on October 31, 2007 with Aldo of AGC with respect to the property visits and comments on same;
- Prepare on October 31, 2007 a memo to file outlining various issues re: the Pickeral Lake Lodge sale;

- Generally all meetings/discussions/conferences to effect the foregoing.

A detailed summary of time is as follows:

<b>Team Members</b>	<b>Hours</b>	<b>Hourly Rates</b>	<b>Total fees</b>
<b>Fees</b>			
Bryan A. Tannenbaum, FCA, CACIRP, FCIRP, President	14.4	525.00	\$ 7,560.00
Jack Richards, CIRP, Senior Manager	89.9	425.00	38,207.50
Paul McGrath, CFE, Senior Manager	89.5	325.00	29,087.50
Peter Aziz, Vice President, Real Estate Operations	26.0	275.00	7,150.00
Anna Koroneos, Insolvency Specialist	<u>2.2</u>	\$145.00	<u>319.00</u>
Total fees	<u>222.0</u>		\$ 82,324.00
Add: Disbursements:			
Travel		\$ 903.28	
Courier		35.00	
Locksmith		<u>262.99</u>	<u>1,201.27</u>
Total fees and disbursements			83,525.27
Add: GST			<u>5,011.52</u>
Total balance due			<b><u>\$ 88,536.79</u></b>

This invoice is due upon presentation.



Bryan A. Tannenbaum, FCA, CA•CIRP, FCIRP  
President

GST #: 13188 5782 RT0001

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